CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY SIXTH PARLIAMENT

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OTTAWA - CANADA

HOUSE OF COMMONS

Thursday, June 13, 1963

The house met at 2.30 p.m.

UNITED NATIONS

YEMEN—SECONDING OF CANADIAN PERSONNEL TO OBSERVATION MISSION

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to inform the house that the Canadian government has authorized the seconding of Canadian personnel for service with the United Nations observation mission in the Yemen. As hon. members are aware, the United Nations security council on June 11 approved a resolution authorizing the secretary general to establish this observation group, whose presence in the Yemen is a prerequisite to the implementation of the undertakings which have been given by the governments of the United Arab Republic and Saudi Arabia for disengagement in the Yemen. It is hoped that this will bring about the termination of a situation in that country which has become increasingly acute since the establishment of the present republican government in September of last year, and will help to avoid the danger of the internal conflict in that country developing into more widespread hostilities throughout the area.

It is intended that a substantial proportion of the officers required for the new observation group in the Yemen will be drawn from personnel already serving in the area with the United Nations emergency force and the United Nations truce supervisory organization. Mr. Speaker, Canada has consistently played a leading role in the United Nations peace keeping operations, and it is the government's intention to strengthen this fundamental role by all practical means.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, there will be general support in all parts of the house and the country for the action announced by the Secretary of State for External Affairs. As he pointed out, the situation has become very critical, and there is need at the earliest possible date for an observer team or group from the United Nations to go into that area in Yemen in order to permit of the disengagement of some 28,000 Saudi Arabian troops which are there, and also to cut off the supplies which are being sent into that country from Saudi Arabia. However, the minister did not refer to the question of cost, and I had hoped he would have said something in that connection.

Mr. Martin (Essex East): Mr. Speaker, the costs will be borne, for the first two months certainly, by the United Arab Republic and Saudi Arabia. At the end of that period this matter will be reviewed.

Mr. Diefenbaker: The minister has mentioned the division of costs as between these two countries over the first two months. My understanding is that the U.S.S.R. wanted to restrict the period of the operation of this force to two months, and under no circumstances would agree that any of the costs should be paid, in so far as the United Nations is concerned, by other than the security council. I think the argument in this connection on the part of the U.S.S.R. is a serious one and indicates the degree of importance that the various members of the United Nations must attach to a decision being made regarding the responsibility of all nations in the United Nations to contribute a proportionate share to the costs of the peace making machinery of the United Nations.

This announcement by the Secretary of State for External Affairs, particularly the statement he made following my remark as to cost, would indicate that the problem in the United Nations as to financing these operations is still far removed from settlement. However, a makeshift arrangement has been arrived at whereby for the period of time mentioned by the minister the cost will be shared by the two countries named. I am glad that Canada is going to contribute to this operation which, as the minister said, has received the consistent support of successive Canadian governments.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I would say, on behalf of our group in this house that we lend our support to the government in its policy of taking part in this all important effort to continue the struggle for peace in the world and to prevent this from being another area adding to the conflagration of localized wars that we already have in different parts of the world.

I personally appreciate very much the fact that Canada is going to make this contribution, because I know Yemen well and the countries around it. If this situation should ever get out of hand it could certainly be

another very serious crisis area in the world situation. Without going into the details as to cost and into the other arrangements which are obviously going to have to be worked out, suffice it to say that it is gratifying to note that Canada is again carrying her share of responsibility in the preservation of peace in the world.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this group desire to express their support for the announcement which the Secretary of State for External Affairs has just made to the effect that Canada is going to contribute to the United Nations peace keeping functions in Yemen. Canada has a good record of contributing to peace keeping forces in various parts of the world, and I am sure that in this case we will maintain our good record.

I wish to congratulate the government on having accepted this responsibility, and to say that as far as this group are concerned we shall always give our support to any contribution which Canada may make through serving under the United Nations for the maintenance of peace throughout the world and supplying part of a world peace force.

HOUSE OF COMMONS

INQUIRY AS TO SUMMER RECESS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not know whether the Prime Minister is in a position at this time to give the house any idea as to the general plans for the session. I recall that a couple of weeks ago in the course of a speech in the house he referred to the fact that certain things would be done in this portion of the session. What are the plans in general as to the continuance of the session, and is he in a position to say whether we are going to carry on throughout the summer and into the fall in order to complete the legislative program?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is our hope and indeed our purpose to take action on the proposals that are now on the order paper and those which will be put on the order paper next week before thinking of a recess. Whether that hope will be realized I do not know, because it is a matter for the house to decide. It is hoped, however, that we can deal with this legislative program by the middle or end of July, and if that could be done I think it would be desirable to have a recess then and come back in the autumn. Whether that will be possible will depend on the progress we make in the house on the program which is before the house.

[Mr. Thompson.]

Mr. Stanley Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Can the Prime Minister indicate what are the pieces of legislation that will be placed on the order paper next week?

Mr. Pearson: I cannot at the moment, but I hope to be able to satisfy the hon. gentleman's very understandable curiosity early next week. We hope to put some additional items on the order paper by the early part of next week, and that will be the program we hope to complete before we think of a recess.

Mr. Knowles: Will that include the pension legislation?

EXTERNAL AFFAIRS

WEST GERMANY—MILITARY AID TO AFRICAN COUNTRIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. My question is based on newspaper reports to the effect that the West German government confirmed yesterday that it had been giving secret military aid to seven African countries, and its admission that the veil of secrecy had harmed West Germany. Can the minister give the house any information with respect to these reports and with respect to the government's attitude toward this secret military action on the part of one of its NATO allies?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am not quite certain of the purport of the question asked by the hon. member for Kootenay West, which relates to the supply of military aid by the West German government to several independent African countries. I have, however, seen the press reports according to which the German government announced details of this program yesterday.

We have not as yet received any information about this development from our embassy in Bonn. When we do we will no doubt wish to see whether there is any aspect of the arrangements which would be of direct interest to Canada although, on the basis of the press reports, I am doubtful that this will prove to be the case. I note from these reports that the German government has stressed that this aid was granted as the result of direct requests from the countries concerned to help them maintain internal order and security.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. May I ask the Secretary of State for External Affairs

whether any of his officials were aware of this action by the West German government, and whether the NATO ministerial council was consulted by the German government with respect to an action which is bound to have very serious international repercussions?

Mr. Martin (Essex East): Mr. Speaker, I cannot add anything to what I have already said.

HEALTH AND WELFARE

ALCOHOL—REVENUE RECEIVED AND EXPENDITURE TO COMBAT USE

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question that I should like to direct to the Minister of National Health and Welfare. Yesterday, Mr. Speaker, there was a question on the order paper in my name which in effect asked: (1) How much money did the federal government get in 1962 from the sale of alcoholic beverages? (2) How much money did the government spend in combating alcoholism in the same year?

The answer I received stated that the government's revenue from alcohol amounted to $242,096,000, and that the government spent $11,000 in combating alcoholism. My question today, sir, is are these figures really correct, or has not some error been made in their compilation?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): I thank the hon. member for giving me notice of his question, which I received as I entered the chamber. I am having an investigation undertaken to check these figures, and I will advise the hon. member later.

[*Later:*]

I am now instructed that the figures given in the order for return are correct. Those figures, since they only represent amounts spent by the federal government in response to requests from the provinces, appear somewhat limited. However, they do not include the very much greater amounts which have been spent over a period of years by provincial governments, who have the prime responsibility in this field.

REQUEST FOR STATEMENT ON SMOKING AND CANCER

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question I should like to direct to the Minister of National Health and Welfare. The question is this. About two weeks ago, in answer to a question asked by the hon. member for Simcoe East, the hon. lady stated that any action her department might take with respect to the apparent relationship between smoking and cancer would be a matter of government policy.

In view of the increasingly grave public and medical concern over the situation, I wonder if the minister could give the house anything in the nature of a statement of government policy on this question.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I wish to thank my hon. friend for giving me notice of this question. I anticipate making a statement to the house early next week on this question.

DISCUSSIONS WITH BROADCAST GOVERNORS RESPECTING CIGARETTE ADVERTISING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Can the hon. lady report to the house on the discussions which, according to press reports, she is going to have with the chairman of the board of broadcast governors regarding television and radio advertising of cigarettes?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, may I say in answer to the hon. gentleman's question that I learned from the same source he did that I was to have such meetings, namely through reading the public press.

ROYAL COMMISSION—STATEMENT AS TO REPORT

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, yesterday the hon. member for Burnaby-Coquitlam inquired as to when we might expect the report of the royal commission on health services. The chairman of the commission has reported to me in the following terms:

> Some months ago I indicated that we expected to be able to complete our report and to have it in the hands of the official translators and printers by the end of June. Unfortunately we cannot meet this objective. We commissioned a number of studies and had contracted that all these would be completed by the end of February at the latest. Several of the studies have in fact been completed but a number have not, including economic computations, manpower forecasts and certain tables which are needed as part of the text of the report. The commission will meet again during the last week of June. It is anticipated that another meeting will be required and it will be held early in September following which volume I of the report will be ready for printing.
>
> This volume I will contain the important and essential parts of the report. There will be one or perhaps two other volumes of supporting material and it is our purpose to publish as appendices certain of the studies made for the commission by our research people.

That is the report I have had from the chairman, Mr. Speaker, and from that report it will be clear that we cannot expect the important volume I before September.

THE MINISTRY

ASSOCIATE MINISTER OF DEFENCE—ABOLITION OF POST

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): In the spirit of co-operation that is so apparent today from the answer the Prime Minister gave to the first question I asked, may I ask if he can tell us whether, in addition to the legislation providing for the establishment of a department of industry and the bifurcation of the Department of Agriculture, it is the intention of the government to abolish the position of Associate Minister of National Defence?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, it is not our intention to abolish that position.

Mr. Diefenbaker: I should like to ask the Prime Minister a question regarding a statement he made in that connection on March 5, 1963.

Some hon. Members: Order.

Mr. Diefenbaker: At that time he stated he would abolish the position of associate defence minister, so there would be a net gain of only one cabinet portfolio as a result of the action taken to which I referred earlier.

Mr. Pearson: We found when we took office that defence policies were in such a confused condition it was desirable to keep the two ministers.

Mr. Diefenbaker: In these 60 days of shift, did the Prime Minister not say that with two ministers of defence it would be impossible to secure efficiency?

Mr. Pearson: That may have been an accurate statement in respect of the previous administration.

Mr. Diefenbaker: So we are going to have a larger cabinet to do the same amount of work.

LABOUR CONDITIONS

GREAT LAKES—DELAY IN LOADING CANADIAN SHIP AT CHICAGO

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to ask the Minister of Labour whether the United States department of justice has been successful in its efforts to have a federal court grant an injunction against the picketing and boycotting of the Canadian ship *Howard Shaw,* which is tied up at Chicago.

Hon. A. J. MacEachen (Minister of Labour): I understand that a decision in this case will likely be made this afternoon by the federal court in Chicago.

PARLIAMENT HILL—MEMBERS OF PARLIAMENT CROSSING PICKET LINES

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I wish to address a question to the Minister of Labour. Can he assure the house that members of parliament carrying union cards are not violating union principles in coming up to the parliament buildings and crossing the picket line?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I think this is a problem for each individual member to decide for himself.

PARLIAMENT HILL—REPORTED OVERTIME WORK WITHOUT OVERTIME PAY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to address a question to the Minister of Labour. Would the minister inform the house whether the adjustment amounting to over $6,000 in wages mentioned in his statement yesterday was in relation to work done on the west block in 1962 or 1963 in preparation for the NATO conference? Can the minister assure the house that the regulations governing labour conditions are being fully observed by all contractors engaged on government contracts in the Ottawa area?

Hon. A. J. MacEachen (Minister of Labour): The answer given yesterday applied generally to the contract in connection with the work on the west block. The recovery now being undertaken by the Department of Labour is in connection with work done, I think, in 1962.

The matter which was raised two days ago by the hon. member is currently being investigated to see whether labour conditions are fully complied with. If not, appropriate action will be taken.

BRITISH COLUMBIA—REPORTED SHORTAGE OF STRAWBERRY PICKERS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a question for the Minister of Labour. Is the minister aware of the critical labour situation in the Saanich peninsula on Vancouver island, where 300 strawberry pickers are immediately required to harvest the crop which, in any event, cannot fill the demand

of the increasing market? Will the minister use his good offices to assist the berry growers to obtain the necessary help?

Hon. A. J. MacEachen (Minister of Labour): I will certainly draw the hon. member's representations to the attention of the national employment service.

REPORTED CHANGES IN WINTER WORKS PROGRAM

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Labour. Is the minister's department in the process of making fundamental alterations in the municipal winter works incentive program? If so, what steps are being taken to consult the provincial governments in this regard?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the changes in the municipal winter works program were announced in the house on Monday. I have taken steps to see that all the provincial governments are advised about these changes in the oncoming winter works program.

Mr. Douglas: A supplementary question, Mr. Speaker. May I take it, then, that the provinces were not consulted prior to these alterations being made?

Mr. MacEachen: Mr. Speaker, I think I can say that the officials of the Department of Labour are constantly in touch with various provincial officials who are interested in these particular programs. Views are exchanged, and I am sure that the views of officials who were contacted in this informal way were reflected in some of the changes that were made.

Mr. Douglas: May I ask a further supplementary question, Mr. Speaker. Is it correct that some of the officials of the provincial governments were asked their views only 24 hours beforehand, and that before they could communicate their views these changes were made, without consultation?

Mr. MacEachen: It may be, Mr. Speaker, that the consultations were so continuous that they were held very close to the time of the announcement.

PENITENTIARIES

ST. VINCENT DE PAUL—STEPS TO IMPROVE CONDITIONS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I desire to ask a question of the Minister of Justice, and I am sorry I was not able to give him notice. I called his office several times this morning, but I found he was in cabinet. Upon looking at my question, Mr. Speaker, I find it is about the longest single sentence I have ever written.

My question is, in view of the fantastic information which was contained in sessional paper 74A which the minister was good enough, and I may say honest enough, to file yesterday dealing with the cause of the riots at St. Vincent de Paul penitentiary, can the Minister of Justice advise this house whether steps have been taken or will be taken immediately in order to prevent any further recurrence of disturbances by ridding the institution of vermin, rats, bedbugs; by reducing the over-long hours of cell confinement; by making provision whereby hot meals are not cold by the time the inmates can consume them, and by dealing with all matters which are of concern to the officers and inmates in accordance with the sessional paper which was filed yesterday by the minister?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the length of the question asked by the hon. member indicates that an equally lengthy reply would be necessary, and it is the custom to deal with matters of this kind on the estimates. However, if the hon. member had read further, as I am sure he has, he would have seen that a number of steps have already been taken, not to deal with all the difficulties that have arisen or that were the cause of the riots, but certainly to deal with those which are of a more immediate nature.

DRUMHELLER, ALTA.—REQUEST FOR CONSTRUCTION OF INSTITUTION

On the orders of the day:

Hon. Lionel Chevrier (Minister of Justice): I should like to deal with a question which was asked some days ago by the hon. member for Bow River in connection with penitentiary construction at Drumheller.

In 1961 the penitentiary service proposed to treasury board a scheme for the construction, between 1962 and 1966, of nine major federal penal institutions in Canada. It was proposed that one of these institutions should be located in the vicinity of Drumheller, Alberta. The penitentiary service contemplated that the necessary land would be acquired in 1962-63 and that construction would commence in 1963-64. The necessary land was acquired accordingly. However, in 1962, in connection with the preparation of estimates, treasury board directed that the program of building should be phased out over a five year period instead of a four

year period and that the commencement of construction of a number of institutions should be postponed accordingly.

In the result, after consideration of the relative requirements for inmate accommodation in the various regions of Canada, it was decided that the institution at Drumheller was one of those of which the commencement of construction could be postponed until the fiscal year 1964-65, and that decision was approved by treasury board. I am informed now that there is no intention of changing the decision.

ADMINISTRATION OF JUSTICE

QUEBEC—ACTION TO TEST LEGALITY OF CORONER'S ACT

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wish to direct a question to the Minister of Justice which has to do with the concern over the rights of arrested persons in Montreal. In the light of the apparent contradiction between the coroner's act of Quebec and the Criminal Code and bill of rights, as illustrated by recent events, and in the light of doubts expressed by competent constitutional authorities, will the minister take immediate steps to have the constitutionality of the coroner's act tested in the courts?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I am grateful to the hon. member for having sent me notice of his question, and the reply is as follows. The Canadian Bill of Rights is expressed to apply to every law of Canada, which expression is defined by section 5(2) of the act to mean an act of the parliament of Canada, any order, rule or regulation made thereunder, and any law in force in Canada or in any part of Canada that is subject to be repealed, abolished or altered by the parliament of Canada. There is, therefore, no contradiction between the Canadian Bill of Rights and the coroner's act of Quebec, and thus no case for referring the act to the courts.

(Translation):

[*Later:*]

REPRESENTATIONS BY UNIVERSITY PROFESSORS RESPECTING SECURITY INVESTIGATIONS

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should also like to put a question to the Minister of Justice.

Does the minister intend to put into effect the recommendation carried at the convention of the Canadian university professors' association held in Quebec, asking for a complete review of procedures concerning state security and intelligence.

[Mr. Chevrier.]

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I have not seen the recommendations mentioned by the hon. member for Pontiac-Temiscamingue; I would prefer to see them before giving an opinion on the subject.

[*Later:*]

I should like to reply to the question asked by the hon. member for Pontiac-Temiscamingue (Mr. Martineau), who was kind enough to send me the newspaper clipping stating that the resolution he was talking about and the representations made by the association of university professors had already been sent to me in a letter. I contacted that association to let them know that I was ready to meet them this week but, unfortunately, the meeting could not be arranged. Under the circumstances, I would prefer to refrain from making any statement on that matter until I have once again been in touch with the association in question.

DOMINION-PROVINCIAL RELATIONS

CONFERENCE RESPECTING TAXATION RIGHTS AND JOINT PROGRAMS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister.

Does the government intend to convene a federal-provincial conference this year in order to consider the means of giving back to the provinces their taxation rights and also to review the matter of the famous joint programs?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as already stated in the house it is the intention of the government to call a conference of provincial premiers and federal government representatives this year.

Mr. Heward Grafftey (Brome-Missisquoi): I have a supplementary question for the Prime Minister, Mr. Speaker. In view of the province of Quebec's apparent refusal to participate in the federal municipal loan fund legislation, will the Prime Minister assure the house that the legislation will include a compensation formula for provinces that do not wish to apply to the federal government for such loans to municipalities?

Mr. Pearson: Mr. Speaker, my hon. friend's question is based on a premise which is not necessarily correct.

FISHERIES

NORTH PACIFIC TREATY—CANADIAN PERSONNEL ATTENDING CONFERENCE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to ask the Minister of Fisheries a question, notice of which I sent to his office early this morning. What is the name of each of the persons who actually went to Washington recently to attend the meeting relating to the international convention for the high seas fisheries of the north Pacific ocean?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. If he is interested in finding out the names of the members of the Canadian delegation who actually went to Washington last week I would refer him to page 693 of *Hansard* for June 5, 1963. If he is interested in finding out the names of the persons forming the Japanese and U.S.A. delegations, I suggest he put his question on the order paper.

LONDON, ONT.—INQUIRY AS TO NEW RESEARCH LABORATORY

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): I have another question for the Minister of Fisheries. Can the hon. gentleman tell the house whether a new fisheries research laboratory building is to be constructed in the London area to replace the building now in use there? If so, what progress has been made in connection with this project?

Mr. Speaker: Order. I have to say that I think this question is really one for the order paper.

SHIPPING

COASTAL TRADE—INQUIRY AS TO LEGISLATION THIS SESSION

On the orders of the day:

Hon. Leon Balcer (Three Rivers): I should like to ask the Minister of Transport if it is true that the government has decided not to bring forward amendments to the shipping act for the purpose of reserving the coasting trade in Canadian inland waters to Canadian ships.

Hon. G. J. McIlraith (Minister of Transport): The former minister has put his question in the negative form. Perhaps I had better answer him by saying it is expected that legislation on this subject will be brought forward this session.

AGRICULTURE

ALBERTA—CONSTRUCTION OF DAM ON WILLOW CREEK

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): I should like to address a question to the Minister of Agriculture. Has the minister anything to report on plans for the construction of a dam on the Flying E site on Willow creek to provide Claresholm and Granum with an adequate supply of water?

Mr. Speaker: I am sorry to interrupt once more, but this really is a question for the order paper.

Mr. Kindt: On a question of privilege, these two towns are in great need of water and this is an urgent matter.

(Translation):

APPOINTMENT OF VICE PRESIDENT OF FARM CREDIT CORPORATION

On the orders of the day:

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I should like to put a question to the Minister of Agriculture. In view of the importance of the farm credit corporation, which lent last year $90 million to the Canadian farmers, is it the minister's intention to recommend soon that the vice presidency of that corporation, which is vacant, be filled?

(Text):

Hon. Harry W. Hays (Minister of Agriculture): These things are under consideration, Mr. Speaker.

JURISDICTION OVER WHEAT BOARD AND GRAIN COMMISSION

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): This is a question that I wished to put to the Minister of Agriculture as a supplementary question yesterday but I failed to attract the attention of the Chair. I trust, Mr. Speaker, you will say it is still in order.

Replying to an earlier question of mine in connection with a board of grain commissioners hearing on grain handling charges, the minister stated that under the provisions of section 17 of the Canada Grain Act every regulation established by the board must be transmitted to his department. This means that the board of grain commissioners comes under the jurisdiction of the Minister of Agriculture while the Canadian wheat board comes under the jurisdiction of the Minister of Trade and Commerce.

Does the minister consider this arrangement to be in the best interest of agriculture?

Hon. Harry W. Hays (Minister of Agriculture): Yes, Mr. Speaker.

ALBERTA—CONSERVATION OF WATER SUPPLIES

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I wonder whether the Minister of Agriculture would consider, in view of the fact that the rains of the last few days have missed such substantial areas of dried out southern Alberta, sending officials of P.F.R.A. to examine the supplies of water available to irrigate crops and see that supplies are stretched out as long as possible? I can assure the minister that the concern of the people in this area is very great with such a heavy drain on the water supplies.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in reply to the hon. member I must say we are pleased to see him back in the house. In answer to his question, I can assure him that I am in close touch with the provincial government on the question of moisture in the province of Alberta. I have lived there all my life and farm 5,000 acres, so I do know a little bit about it. We have to watch the situation very closely. This is a provincial matter and they must take the initiative, but at such time as they do the federal government will be on hand.

Mr. Hamilton: A supplementary question. Would the minister, with his great concern for the people of that area, consider going himself and seeing how dry it really is?

Mr. Hays: In reply to this question, Mr. Speaker, I am leaving tomorrow morning at ten to seven.

NATIONAL DEFENCE

NEGOTIATIONS WITH U.S. RESPECTING D.E.W. LINE

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): My question is directed to the Minister of National Defence. Are negotiations under way at the present time between the government and the United States air force regarding the closing down of all or parts of the distant early warning line? If so, what proposals does the minister have for alternative use of D.E.W. line installations no longer required for defence purposes?

Hon. Paul Hellyer (Minister of National Defence): Some changes are in contemplation, but no decisions have yet been taken. As soon as they have been made they will be announced.

TRANS-CANADA AIR LINES

WINNIPEG MAINTENANCE BASE—MEETING WITH MANITOBA DELEGATION

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I should like to ask the Minister of Transport if he is now in a position to give the time and date of the proposed meeting between representatives of the cabinet and the delegation from Manitoba concerning the retention of the overhaul and maintenance base of Trans-Canada Air Lines in Winnipeg.

Hon. G. J. McIlraith (Minister of Transport): Yes. Tuesday morning at nine o'clock.

Hon. Leon Balcer (Three Rivers): While we are on this subject I should like to ask the minister if he is aware that according to the president of T.C.A. the decision to maintain and overhaul all jet planes belonging to T.C.A. exclusively at the Montreal base was taken in 1956, by approval of the construction of the new $20 million base, by the Liberal government of that day

Mr. McIlraith: No, Mr. Speaker.

[*Later:*]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the Minister of Veterans Affairs whether it is his intention to support the Manitoba delegation in its request for the retention of the T.C.A. overhaul and maintenance base in Winnipeg.

FINANCE

REPORTED INTENTION TO INCREASE GOLD PRODUCTION SUBSIDY

On the orders of the day:

Mr. Robert Simpson (Churchill): I should like to direct a question to the Minister of Mines and Technical Surveys. Is the minister in a position to tell the house whether the government is considering increasing the assistance under the Emergency Gold Mining Assistance Act, as he is reported to have mentioned at a recent meeting at the Seigniory club?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): The question is in reference to a speech I made to the Quebec metal mining association on Tuesday night. I do not think there was anything I said on that occasion which could in any way be interpreted as other than that the emergency mining act would come up for legislative review this session and would not likely be dealt with before, perhaps, the summer recess.

TRADE

OIL—REPORTED U.S. INTENTION TO RESTRICT IMPORTS

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce arising

out of an answer given yesterday in reply to a question asked by the hon. member for Acadia. It had reference to quotas on exports of crude petroleum from the province of Alberta and other western provinces, and the minister said in effect that he had had some discussions with the Americans and that they were going to have further discussions. I was wondering if he would tell us what concrete proposals he suggested to the Americans.

Some hon. Members: Order.

Mr. Woolliams: He has told us about the words and the meanings, but what concrete proposals did he make in order to keep the production of crude petroleum at a level of 800 million barrels a day, taking into account our domestic consumption as well as exports?

[*Later:*]

Mr. Woolliams: Mr. Speaker, I want to direct a further question to the Minister of Trade and Commerce. As he did not answer my previous question, do I take it that he made no proposals to the Americans as far as quotas on exports of crude petroleum are concerned from Alberta?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I did not answer the previous question because I thought it was a speech, but may I say to the hon. member that I gave the results of my conversations with the United States authorities yesterday in discussing the President's proclamation. If the hon. member would read the answer I gave yesterday I think it would answer his question.

(Translation):

SUGAR

REQUEST FOR STATEMENT ON INQUIRY INTO PRICE INCREASES

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I wish to put a question to the Minister of Justice. Can the minister inform the house of the developments which may have taken place following his investigation into the sugar price increase?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, it is neither the practice nor the custom of the house to make public the negotiations under way respecting the question the hon. member has just asked. On the other hand, when a decision has been made, through charges, or when a conclusion has been reached through a report, the minister has the responsibility, under the act, to table that report in the house.

(Text):

REQUEST FOR PROMOTION OF GREATER DOMESTIC PRODUCTION

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I have a question to direct to the Minister of Agriculture. As he is going to be away, I think the matter is of sufficient importance that it should be dealt with at once.

In view of the need for more employment opportunities in Canada and the necessity for conserving foreign exchange, and in view of the present buoyancy in the sugar market, will the minister give consideration to promoting increased domestic production of sugar by readjusting the basis of price supports, as requested by the Canadian beet growers association and the Canadian Federation of Agriculture?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I wish to thank the hon. member for Middlesex West for giving me notice of this question. The government has not considered any change in the support program for sugar beets for the current year which was announced on March 7. Under present circumstances the market price for sugar should result in returns to growers considerably above the support level.

NATIONAL PARKS

LONG POINT ISLAND, LAKE ERIE—INQUIRY AS TO ESTABLISHMENT OF PARK

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the minister of northern affairs, or in his absence to his parliamentary secretary. Is it the intention of the government to acquire land presently owned by the Long Point Company on Long Point island in lake Erie for a national park?

Mr. Speaker: This is also the sort of question which should be on the order paper.

CANADIAN NATIONAL RAILWAYS

PROPOSED EXTENSION OF RUN-THROUGH PROGRAM

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct one question to two ministers. The ministers concerned are the Minister of Transport and the Minister of Labour. Is the government aware of the dispute which is looming because of the intention of the C.N.R. to extend its run-through program, particularly in western Canada, on August 18? Will the government use its good offices to avoid such a dispute,

particularly bearing in mind the interests of safety?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the government is very well aware of this program, and some delegations have been received dealing with the subject. Some correspondence has also been received, and the question is getting very active consideration at the moment.

(Translation):

ARTS, LETTERS AND SCIENCES

PROVINCIAL REPLIES TO LETTER RESPECTING ROYAL COMMISSION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister to find out if all the provinces have replied to his letter about the royal commission on biculturalism.

(Text):

Right Hon. L. B. Pearson (Prime Minister): All, Mr. Speaker, but the province of British Columbia.

PENSIONS

QUEBEC—REPORTED LEGISLATION RESPECTING PORTABLE PENSIONS

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I wonder whether the Prime Minister could give us today the benefit of his consultations with the minister of health and welfare about portable pensions.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am grateful to the hon. member for his patience. Naturally I did not want to deal with the matter until I had a heart to heart talk with the minister of health and welfare. Although I have not been able to have that talk, Mr. Speaker, I can now answer my hon. friend that after some discussion of this matter with the minister. It is clear from the hon. gentleman's statement that he is referring to a report of the intention of the provincial government of Quebec to take action in this field. I should think that the announcement merely of intention to take action in this field would not affect any proposals for legislation which are now under consideration by the federal government, but the announcement of such intentions by any provincial government would underline the necessity of keeping in close contact with all provincial governments on such matters of joint concern and responsibility.

[Mr. Knowles.]

(Translation):

CANADIAN BROADCASTING CORPORATION

MONTREAL—CONSTRUCTION OF HEADQUARTERS BUILDING

On the orders of the day:

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, on June 6, 1963, the hon. member for St. Mary asked me a question about the project concerning the construction of the C.B.C. building in the eastern part of Montreal.

The C.B.C. informs me that under order in council P.C. 1963-4/144 of January 31, 1963, it entered into an agreement with the authorities of the city of Montreal for the purchase of a piece of property in the eastern part of Montreal for that purpose. The corporation is carrying out that project in accordance with the agreement.

(Text):

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Prime Minister a topical question about a budget. Could the Prime Minister tell us whether one may assume there is friendly financial significance for his party's budget in the appointment yesterday of two wealthy men to the other place?

Some hon. Members: Order.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

The house resumed from Wednesday, June 12, consideration in committee of the following resolution—Mr. Pearson—Mr. Lamoureux in the chair:

That it is expedient to introduce a measure (a) to establish a department of industry to be presided over by a minister of industry who shall be appointed under the Great Seal of Canada, to authorize the appointment of a deputy minister by the governor in council, and to provide for the appointment to the department on a temporary basis of persons having special knowledge of manufacturing industries to assist in the work of the department; (b) to provide for the establishment under the direction of the minister of an area development agency and to provide for the appointment of a commissioner and a deputy commissioner for area development; and (c) to make a consequential amendment to the Salaries Act to provide a salary for the minister.

Mr. Coates: During my comments yesterday afternoon I discussed, among other things the problems confronting the aircraft firm of Enamel and Heating Products Limited in my constituency, which has been forced to lay off personnel. I urged the Minister of Defence Production, either in his present capacity or in his proposed new capacity as minister of

industry, to assist this firm in obtaining new contracts, especially one specific contract that is under negotiation with firms in the United States at the present time, in order that the people who have been laid off may be re-employed and the firm may have the buoyancy of employment that was so evident during the years when the former Conservative government was in office.

I have a few particulars which I should like to bring to the minister's attention; they came to my desk as the result of a question I asked earlier in the house. The answer came from a number of departments, but dealing with the work load provided by the Department of Defence Production I might say that in the year 1962-63 there were contracts available to this firm totalling $1,843,000. Over the period from April 1, 1957 to the end of the fiscal year 1962-63 they totalled in excess of $10 million. It was indicated in this reply that the value of contracts for the coming year is estimated to be $781,000.

Certainly, Mr. Chairman, unless increased work is provided for this firm either through prime contracts with the department or through subcontracts with either Canadian or United States firms there will be a good deal more unemployment at this plant than is evident today. I hope the minister will go into this matter very carefully and endeavour to do his best to see that this firm gets a work load sufficient to provide work for the people who were employed by it.

I wish to refer to one other aspect that I consider the Minister of Defence Production or minister of industry will have to deal with. I refer to incentives for industries which are willing to locate in depressed areas. In this regard I might put on the record a few comments made by various cabinet ministers of today. When the present Prime Minister was speaking in Fredericton, New Brunswick, on February 27 he had this to say:

> Adjustment grants for industries locating in development areas such as northwestern and east New Brunswick and its border and central areas should be provided because industry is so severely needed there. This cannot be achieved by "the free play of economic forces" but only through government intervention.

My question to the minister in this regard is, does this mean that he as minister of industry is going to tell firms in this country who wish to establish in various areas where they are to establish, as has been done in Great Britain? If this is so, what basic incentives are going to be offered to these firms to establish in an area other than the one where they might otherwise wish to locate?

I think we must also anticipate that when the Minister of Finance makes his budget speech later this day we will be informed that new tax incentives will be provided to industries that are willing to locate in areas of high unemployment. I should also like to ask the minister a question related to a statement made by the present Secretary of State for External Affairs, who stated at Tecumseh, Ontario, on March 5, 1963:

> A majority Liberal government would create a new department of industry to get new industries for all of Canada. "Such a department would get us rolling. It would examine various industries and get Canada back on the economic rail."

My question to the Minister of Defence Production in this regard is this. Just how much more of an increase in the gross national product does the minister anticipate we will enjoy in the year 1963-64 over that enjoyed in the year 1962-63? I should like him to inform the house how he anticipates that an increase greater than 8 per cent is going to be brought about.

An hon. Member: A new base.

Mr. Coates: It would be a new base, all right. If you can get half of 8 per cent you will be doing very well. If you keep tying up industry the way your boards are indicating they are going to tie it up we will be lucky if we have any increase at all. I should like to refer also to a statement made by the present Minister of Finance in Chatham, Ontario, on February 28, 1963 when he said:

> Special tax incentives would encourage construction of new plants, expansion of old ones and location of industry in depressed areas.

In this regard I should like to bring to the minister's attention the fine work of the crown company in Nova Scotia known as Industrial Estates Limited, which has done such a tremendous job in locating industry in that province. Does the minister anticipate that his new department will supplement the work of this crown company in Nova Scotia, or is it going to take over the duties that have been carried out so efficiently by that corporation since the Stanfield government has been in office in that province?

I should also like to bring to the minister's attention the very serious situation that exists in the Joggins area of my constituency, where the only coal mine in that community has been closed and the people are in need of employment. If the minister could do anything to assist this community to get back on the rails, as one of his colleagues has suggested, I know the people would be more than pleased with such action on his part. I can assure him I will assist him in any way possible to bring this about.

I might also bring to his attention the situation that exists in the town of Springhill in my constituency, which in 1958 was left without any industry of any kind but which has been brought back tremendously

by the actions of both the provincial government and the federal government, though it still needs more employment for its people. Although the location of a penal institution there certainly could not be considered as locating an industry there, this would provide a significant amount of employment for the people and it would be most helpful if it could be got under way as quickly as possible. The Minister of Justice informed me that tenders will not be called for the construction of this institution before October of this year, but if there is anything the minister can do to hurry things along, perhaps by letting the contract for site clearing or something of that nature at an earlier date, it would be a tremendous benefit to the people of the area. May I also say that if there is any way the minister can assist in locating more industry in the town of Springhill it would be very beneficial to the people of that town, to my constituency and to Nova Scotia generally.

The towns of Oxford and Parrsboro also need assistance if the minister is able to provide it, and I might bring to his attention—

The Chairman: Order. I reget that I must interrupt the hon. member, but his time has expired.

Mr. Woolliams: Mr. Chairman, I am happy to speak today on this resolution. I noticed that when the Prime Minister introduced the resolution he dealt with three or four subjects. He indicated that he felt that such a new department would service the manufacturing industries and would assist in stepping up production throughout the country so there might be new jobs for approximately 250,000 people coming into the labour pool each year. He also admitted that much of the work this new department will assume is being done at the present time by the Department of Trade and Commerce and the Department of Defence Production, but said that there would not be duplication.

He also said that although it would be necessary to hire more people, to take on more bureaucrats, the numbers involved would not be too great because some of these people would be borrowed from the Department of Trade and Commerce and the Department of Defence Production. He promised that this new department, which would be interested in industry and interested in increasing the productivity of the country, would not be eroding any provincial right. He asked the house, on that basis, to approve the resolution so the government could bring forward the bill to set up this new department.

Whenever I have spoken I have been one of those who have always been against any

increase in the civil service generally, and I am going to base the first part of my argument on that premise. It was interesting to note that today when the Leader of the Opposition asked the Prime Minister a question concerning a statement he made on March 6, the Leader of the Opposition did not get a clearcut answer. I believe we should immediately place on the record the statement the Prime Minister made as quoted by the Ottawa *Citizen*. I am sure that if a statement is quoted by the Ottawa *Citizen* it is a fairly accurate record so far as Liberal statements are concerned.

The reference is to a speech made by the Prime Minister, then leader of the opposition, during the campaign on March 6, 1963. At that time he was trying to secure votes from the eastern farmers by pointing out that the Liberals would be cutting the costs of running the government. He held out a solemn promise in this regard, that there would be some reduction so far as departments were concerned, so far as the number of bureaucrats were concerned. This is what he said on this occasion. Of course all of us know that many promises were made during the last election campaign by the Liberals which any reasonable government could not ever hope to carry out. Nevertheless this is what he said on this occasion:

> Mr. Pearson's proposed associate minister of agriculture is the second new cabinet appointment he has promised. The first was a minister of industry, to take over part of the function of the Department of Trade and Commerce, but to concentrate particularly on industrial expansion problems.

This is the important part.

> However, he also said he would abolish the post of associate defence minister, so there would be a net gain of only one cabinet portfolio.

In other words he was telling the farmers that he was going to set up a new department of industry, create a new deputy minister and hire a lot of bureaucrats, but that he was also going to cut the costs of government by eliminating one portfolio, that of associate defence minister. The answer given by the Prime Minister today was to the effect that this government kept the associate minister because there was some confusion in defence policy. My answer to the Prime Minister, Mr. Chairman, is that if there is any confusion in defence he brought it about.

The Chairman: Order. May I draw to the attention of the hon. gentleman the fact that he should confine his remarks to the resolution now before the committee, which deals with the establishment of a department of industry. I have serious doubts as to whether he can discuss other departments.

Mr. Woolliams: I appreciate your remarks, Mr. Chairman. However, I was dealing with the very important subject of the costs to the country and the solemn promise made by the Prime Minister to eliminate one minister when he set up this particular department.

In any event, I should like now to deal with the subject of the increased cost to the country generally. Let us take a look at the record. At the present time, in 1963, we have on the payroll of the government of Canada 138,167 civil servants. We have on the payrolls of crown corporations 142,164 people making a total of approximately 343,821. That is the number of employees who are working either as civil servants or for crown corporations serving approximately 18 million to 20 million people. These people are active in the federal jurisdiction only. Compare this figure with 1937, when we had approximately 42,000 employees in this field. We see, then, that there has been a tremendous growth in bureaucracy in this country. This is the first point I wanted to make.

As I have said, we have a Department of Trade and Commerce and, according to the Prime Minister who presented this resolution, these things were looked after by that department as well as the Department of Defence Production. I say the establishment of the new department will mean setting up a great bureaucracy in this country that we can ill afford. What is it costing the country today to have these 343,821 people on the payroll? I make this point, that we have now too many employees of government, and it is costing the taxpayers too much. The point I want to make is that if we are going to stimulate industry, stimulate the productivity of this country, then we have to cut costs, cut taxes, so that we will be in a position to meet our competition in this world.

Now I want to come immediately to this question of what all this cost the country from February 1, 1962 to February 1, 1963. I appreciate the fact that there was another government in office at that time. However, I believe these figures should be put on the record because this government is expanding the bureaucracy, putting more people on the payroll and duplicating what the Department of Trade and Commerce and the Department of Defence Production can do. It is costing the country $1.57 billion—I want to repeat that, $1.57 billion—to pay the salaries of those 343,821 people to serve 18 million people. This figure does not take into consideration the cost of office space, the cost of equipment, buildings and so on. It is not any exaggeration to say that 30 cents out of every dollar collected in taxes in this country goes to pay the wages and operating expenses of the various government departments when we have a budget of between $6 billion and $6.5 billion. This might be a good time to mention that fact, because the budget will be presented this evening.

I want to repeat that it is costing the country $1.57 billion to pay the wages of these people who make up the bureaucracy of this country. This new department of industry may be the economic baby of the Minister of Finance, and it may have been mentioned in his book "Troubled Canada", about which we have heard so much. I would say, however, that he had a great deal of help from one of the best backroom men in the House of Commons and probably the best member on the treasury benches. I refer to the hon. member for Bonavista-Twillingate, who has the best political machine that anyone has ever known since confederation. I say without hesitation that there are heads of departments—I have said this before and I am not going to name them again—who are pro Liberal. These people will do everything to sabotage any other government. I warn the splinter parties that if they had any hope of forming a government, their ability to operate a government in this country would soon be eroded away by this kind of bureaucracy.

I say this is another method, the setting up of another department to control manufacturing, by which the Liberal party hope to get their political foot in the door of every industry in this country. I say this without any hesitation. I know hon. gentlemen opposite do not like this, but it is correct. This Liberal luxury is already costing the Canadian people $1.57 billion. I say to hon. members opposite that last year we had one of the largest growths in our gross national product, namely 8 per cent.

If the government really wanted to increase the productivity of the country it should think of cutting down the bureaucracy, giving a free hand to industry and seeing that industry keeps healthy by cutting taxes. I would not mind seeing a budget brought down with a deficit if, during that particular year, we had an honest to goodness reduction in taxes. One has only to look at a personal income tax form to realize how high and how many taxes are in force.

Some hon. Members: Oh, oh.

Mr. Woolliams: This is a suggestion hon. members opposite have heard many times before from me and I intend to talk about it every opportunity I get. In spite of the fact that I am being heckled from the Liberal side of the house I want to make it clear the Conservatives would be very happy to see a reduction in taxes, and this will have to be done if the Liberals implement the

promises they made to the Canadian people in the last general election.

Still talking on industry I draw one example, and one example only. To bring in a comprehensive medicare and health scheme would cost $1 billion, and if you add that to what it costs to operate the bureaucracy, $1.57 million, it takes up more than a third of the budget. On top of that there is the cost of defence. How can we ever hope to cut taxes? Mr. Chairman, I want to deal with that particular subject right now.

I said before that if the government were going to carry out its promises with regard to a health scheme it would mean an increase in expenditure of $1 billion, plus a new system of taxation which would lower the wages earned by the wage earners and also lower the profits of industry. If industry could keep the money or a part of the money that goes into supporting bureaucracy, then it could cut its cost of production, resulting in a lower cost of goods to the consumers in Canada and enabling Canadian industry to compete in world markets.

I say without any hesitation that if taxes were cut, labour unions would not be prone to ask for wage increases. Lots of times we ask ourselves why they are asking for wage increases. I would like to ask in reply, how many families living on the wages they are earning today, even though they are high, have enough left over after they pay their taxes to provide a home and maintenance for their families. If industry could retain part of the money it pays in taxes it would not have to go to organizations of bureaucracy to borrow money to finance expansion, such as the industrial bank of Canada.

The individual has only to earn around $15,000 in this country at present before he is required to pay 47 cents on every dollar he makes. Just think of the cost of that partnership. The biggest partner any business has in this country is the federal government. I do not need to outline the amount of taxes paid by corporations, but they cannot expand their operations when they are faced with such a high scale of taxation.

When the Liberals were in opposition they said they would cut taxes, but with the steps they are now taking they are going to make the Canadian people pay through the eye. Mind you, Mr. Chairman, my words are going to be borne out. This is the sort of thing which is a further step to create a complete welfare state, and I do not think there is much difference between a complete welfare state and this type of suggested legislation. The government is acting as a nursemaid to industry and is attempting to get into private business in the same way it has gone into welfare enterprises.

Under that kind of system the ambition and initiative of man is removed. Under it, the will of man is not shattered but softened, bent and guided; men are seldom forced by it to act, but are constantly restrained from acting. It prevents existence; it does not tyrannize but it compresses, enervates, extinguishes and stupefies a people until a nation is reduced to nothing better than a flock of timid and industrious folks of which the government is the shepherd. When we reach this conclusion we have then conformed as a socialist state, because there is no difference between the final result of that process and the final result of socialism or the final result of communism.

The socialist state expropriates your property and pays you for it later, sometimes five or six years later. Under the social welfare state, the state takes your profit and is the biggest partner in industry and business. What then is the difference between a complete welfare state and a socialist state? They are only different forms of expropriation. Under communism the state takes your property and your profits, operates your business, and the state ends up with the same amount of control.

I say now without any reservation that I am personally opposed to setting up a new department to enlarge the bureaucracy of our country. Talking about socialisms, Mr. Chairman, it seems to me the Liberals have out-socialized the socialists in Canada. The right wingers of the Liberal party are the members of the New Democratic party. Facts are facts, and what makes the strangest of facts is that there are so many millionaires sitting on the treasury benches, and they want to socialize everybody except themselves. Perhaps they have in mind the final result so far as bureaucracy is concerned.

I think George Bernard Shaw described the end very well in "The Intelligent Woman's Guide to Socialism" when he said:

> I also make it quite clear that socialism means equality of income or nothing, and that under socialism you would not be allowed to be poor. You would be forcibly fed, clothed, lodged, taught and employed whether you liked it or not. If it were discovered that you had not character and industry to be worth all this trouble, you might possibly be executed in a kindly manner, but whilst you were permitted to live, you would have to live well.

That is the final result of the kind of bureaucracy which is building up in this country. I know this is rather an exaggeration so far as the socialists are concerned. They do not like it; nevertheless they would force the individual into this or that. They would tell industry it could go into this

phase and could not go into that phase, and when we get into that position the state might as well own all the industrial concerns of the country.

I should like to talk for a few moments more about one particular industry. I dealt with it today when I asked a question of the Minister of Trade and Commerce, and he said I had made a speech. This is in reference to the petroleum industry. When the Conservative government took office, western Canada was producing about 256,000 barrels of crude petroleum a day and had trouble getting rid of it through domestic consumption and exports. Then, under the national petroleum policy developed by the Conservative government, we were able to build that up to 800,000 barrels per day, and brought millions of dollars into the country from the United States to buy that product. That was done by coming to an agreement with the United States on a quota basis, under which western Canada was given a market in the northwestern United States.

When I asked the Minister of Trade and Commerce about it today he shoved my question off and said it was a speech, but when he answered the hon. member for Acadia yesterday, in regard to the same thing, he said "We had a discussion with the Americans and we are going to have another discussion." Words, Mr. Chairman, will never build industry or trade. We want action. We have heard about 60 days of action, but they have turned into 60 days of marathon talk by the Liberals.

If the petroleum industry loses out in reference to that agreement in western Canada it will mean a great loss not only to western Canada but to Canada generally; because for the first time in a great number of years—I think it was 24 years—we were able to have a balance in trade with the United States so far as dollars were concerned. That occurred under the last Conservative government. When the party opposite talks about industry one would almost think they were the fathers of this thing. Canada, without trade, would fade. We must have trade. Who was it in the province of Alberta who for 20 long years opposed the export of natural gas from that province to the United States?

An hon. Member: The Liberal party.

Mr. Woolliams: That is right. Somebody is good at answering. That same party is now bidding for office in the province of Alberta, but the people remember that it was the Liberal party, even as late as the time of the last provincial election, which opposed the export of gas from the province of Alberta. Yet what a boom it has brought to industry. It was a Conservative government which set up the national energy board and it was a Conservative government which set up the Borden commission from which the national energy board legislation flowed, bringing millions of dollars to western Canada. These were measures the Liberals opposed when in opposition there. I will name some of these people. There is Harper Prowse, the former provincial leader who ran federally but who did not make the grade in western Canada. There is my good friend Grant McEwan who used to lead the Liberal party. He was against gas export.

Mr. Pickersgill: On a point of order. I did not have the opportunity of hearing the first part of Senator Goldwater's—I beg your pardon—of the hon. member for Bow River's speech, but it does seem to me that this is not a place to carry on the Alberta provincial election campaign. We are dealing with the affairs of Canada and with a resolution to precede a bill before this house. Interesting as a political history of Alberta might be—and, incidentally, Alberta has never had a Conservative provincial government in all its history—it is altogether irrelevant to what is before the committee this afternoon.

Mr. Martineau: Might I suggest it would have been more profitable had the Secretary of State been here at the beginning of my hon. friend's speech so that he would know what point the hon. member was making before he butted in.

Mr. Pickersgill: On the point of order, I understand the hon. member was talking about gas, on which subject, I understand, he is a great authority.

Mr. Woolliams: I am always happy to have an interjection from the hon. member for Bonavista-Twillingate. I am disappointed he did not hear my opening remarks because I paid him a great compliment this afternoon. I said he was the greatest backroom boy any political party had ever seen, and the most active frontbencher. Given the combination of those two qualities it is unfortunate his title is not that of Prime Minister, because he certainly guides that party and is the leader of that party.

The Chairman: If the point of order has been settled, we might return to the subject matter of the resolution.

Mr. Woolliams: Thank you. I knew you would wish me to answer the hon. member for Bonavista-Twillingate, Mr. Chairman.

I was speaking about a reduction in taxation and I also mentioned something about socialism. Somebody rose on a point of order, and I said the Liberal party were out-socializing the socialists. Most people remember what happened in Saskatchewan when the socialists set up industry there. They took

over the shoe factory, the boot factory, the lumber industry, the fishing industry and the petroleum industry. And when they were through with them there was no industry left in the province of Saskatchewan. I say this, with respect to members of the Social Credit party, that in Alberta the climate as far as industry is concerned is fairly healthy. But I think it might be interesting, while I am talking about democracy and socialism, to put on the record one last fact, because certainly I am an opponent of the socialist philosophy. The Secretary of State got up in his usual way with his hand over his mouth, hoping to get on the record, and tried to call me Senator Goldwater. Well, maybe Senator Goldwater has some good ideas. He says it is about time we passed laws to repeal the acts setting up some of these bureaucratic departments. That, I say to the Secretary of State, is what his leader promised farmers in the eastern townships he would do when he spoke to them during the election campaign. He has no intention of keeping that promise.

I should like to draw attention to this in order to show what happens to industry when there is too much government control. When premier Douglas promises free medicine for example, this is what happens—this is a good story and I quote from an article which appeared in the Regina *Post* and is referred to by Robert Tyre in his new book "Douglas in Saskatchewan".

Citizens who had not forgotten those fine promises of 1944—

—and they may not forget those which the present Prime Minister made in 1963—

—would find something tragically ironic in a news story which appeared in the Regina *Leader-Post* of January 6, 1962. The story reported that a 76-year-old Regina man had collapsed and died in city police court while facing trial.

The man had been charged with failing to pay his hospitalization tax in 1956. And it was the government of Saskatchewan that brought him to trial—a government that won election on a promise to provide the people of Saskatchewan with free health services.

I am going to end on this note. It is the same kind of socialism as we are being promised from the front benches of the Liberal party today. It will curtail industry and strangle it. Instead of increasing, the productivity of this country will slip away and we shall go way down the ladder, as far as being a trading and industrial nation is concerned.

Mr. Peters: Would the hon. gentleman allow a question before he sits down? Would he not agree that the creation a year ago of the Department of Forestry would fall into a category which would make it subject to the same criticism as he has levelled at this resolution?

Mr. Woolliams: I would say, no, because that had to do with a particular industry such as agriculture. We did not put up two ministers of agriculture to put the east against the west. We created a new department to deal with a particular type of industry. But the department which is suggested now is all-embracing. This government wants to get in the back and front doors of all the industrial concerns in Canada.

[Mr. Woolliams.]

(Translation):

Mr. Rondeau: Mr. Chairman, I am happy to take part in this debate on the proposed establishment of a department of industry.

The constituency of Shefford, which I have the honour to represent and is well-known to you, Mr. Chairman, is half urban and half rural and can boast of numerous citizens dedicated to the development of its industry and that of the province as a whole.

The city of Granby, the princess of the eastern townships, is recognized for having the greatest number of industrial establishments—and they are of many kinds—within its walls. Being an industrialist myself, I am quite familiar with the numerous problems our industrialists have to face today, and that is why I am pleased to take part in this debate, for we, in this chamber, are not the only ones to be concerned with the problems of industry.

As a matter of fact, we know that every municipal councillor, every mayor, every industrial committee in the province of Quebec and in Canada as a whole is closely and deeply interested in the creation of new industries.

In view of the fact that the economic situation in Canada has changed a lot in the last 50 years, especially in the industrial field, it must be recognized that the problems facing industrialists today are different from those of 50 years ago. In fact, it is logical and normal to refer to a new department problems facing industrialists today, not in order to increase the number of bureaucrats, but to help remove the obstacles which industrialists meet with today, because if that proposal aimed at adding to the number of bureaucrats within the federal administration, it would surely be unwise to create a new department.

Mr. Chairman, today's issue of *Le Devoir* reports that since April 8 last, there are about 10,000 more unemployed than at the same time last year. We must not believe that we will solve the unemployment problem in Canada only by creating new industries because, for the last 25 years, an increase in the number of new industries has been matched by an increase in unemployment. Why?

Why? Because the solution of the unemployment problem is not to increase the number of industries, since industry's aim is

not to give employment, but products. Indeed, the industrialist today must manufacture, manage and dispose of his goods. A superior quality product must be offered at a competitive price. Any industrial enterprise must also be managed as economically as possible, so as to be able to face competition. And, after having produced goods of the highest possible quality at the lowest possible price, an industry has to dispose of them, and it is more particularly in this field that the federal government, through its new ministry, will have to help industrialists to settle their problems.

Today, industries are not lacking in production, and I do not think that a single member could rise and tell me that we are lacking such and such a thing in Canada, this country of plenty. Indeed, we have an abundance of products and our storehouses are over-stocked. If the government proposes to increase productivity in Canada by creating a department of industry, I think this is a mistake. Indeed, if we persist in applying the same old remedies as in the past, nothing will be settled.

What surprises me most, is to hear my good friend, the hon. member for Bow River (Mr. Woolliams) suggest that the means of helping our industry is to ask the federal government to abolish the taxes imposed upon it now. Mr. Chairman, it seems to me that the hon. member should have suggested this three months ago, when his party was in power. As a matter of fact, if he had convinced his party that his suggestion was well-founded, he would hardly need to ask for an abolition of taxes today, because the taxes we are paying now, under Liberal rule, are the same as we paid three months ago, under a Conservative government.

Mr. Chairman, it is strange to see how the Conservatives, now that they are in opposition, have regrets, compunction, and also, within hand-reach, solutions and remedies for any problem to suggest to the government. On the other hand, on the government side of the house, they claim that the country's productivity must increase. But let me tell hon. members of the government that that is not the proper solution for our industrialists, because nowadays it is not production that is failing in Canada but rather the way to dispose of our products, of our resources and the way to empty our warehouses, because our Canadian people would be quite happy to be in a position to buy what already exists.

Mr. Chairman, I think this government should first of all take the heavy tax load off the Canadian industries because taxes are a factor in production costs; when an industrialist adds up his production costs, he considers his taxes.

When we consider that tonight the new administration in its budget will probably indicate that about 20, 25 and probably 30 per cent of the gross national revenue will be used by the federal government for its own operation, we wonder what is going on, because it means that the cost of federal government for all the industrialists in Canada is somewhere between 25 and 30 per cent of their production.

Well, Mr. Chairman, if we really want to assist our Canadian industrialists and if we are sincere in establishing this new department, we must definitely reduce taxes which burden our industry.

The second suggestion I wish to make to the hon. members who sit on the treasury benches is, first of all, to make available to our Canadian industries the necessary capital to permit an easier turnover in their inventory, their capitalization and their capital investments.

It is a known fact that at the present time the federal government, through its bond issues and its direct and indirect taxes, has monopolized most of the private capital in our country.

This seizure of the savings capital available to us, Canadian industrialists, that investment capital was used to secure government bonds in order to finance the war, or its own financing, has faced us with an accomplished fact: the private capital available to Canadian industries has been engulfed and absorbed by the government.

The second suggestion that the federal government should accept would be, first of all, to make the required capital available to public enterprise in order to withdraw from public enterprise the private capital which has been frozen there until now.

If our industrialists are to finance their own businesses, then the federal government should not finance its operations at their expense, out of the savings made by Canadians to finance private enterprise.

Canadian industrialists do not have to beg for gifts from the federal government. As far as production is concerned, industrialists are far more competent than we members of the federal government to settle problems concerning their respective production. There is no need for a federal government inspector to point out to each industrialist what are his production problems.

What is needed is the assistance of the federal government to settle economic problems, that is to help to balance the consumers' purchasing power at production level, to

make financially possible in Canada what Canadian industrialists have made physically possible by stocking our shelves and our warehouses in Canada as a whole.

Concerning the solution of the production problem, Canadian industrialists are still intelligent enough to deal with that by themselves, without the help of the federal government. But when it comes to the distribution problem, to the marketing of our products, the federal government has a part to play.

I notice in reading the resolution that one of the primary objects of the new department will be to increase productivity. Well, I think that is putting the cart before the horse. It is not by increasing production when we already have surpluses, when we do not know what to do with them, when Canadian consumers cannot purchase the products we have already, that we will settle the problem.

Mr. Chairman, people may poke fun at Social Credit and deride its solution, its "funny money" theory, but in the present economic context, it will be impossible for the new department of industry to really solve the industrial problems to the satisfaction of Canadian industrialists, if the federal government does not find a way to dispose of their goods.

Mr. Chairman, today, in 1963, we note that automation is replacing to an increasing extent our labour force. While members of this house still advocate full employment, it is possible that, within 25 years there will be only industrial production through machinery and automation. So, Mr. Chairman, I think that we must realize that the time has come to ponder on the proposals advocated by Social Credit in order to make financially possible what our Canadian industrialists have made physically possible.

We have no grudge against capitalism. We are not opposed to our industrialists for if we have today, a Canada which may boast that Canadians in general, including industrialists, are each year increasing their productive capacity, it does not depend on the federal government though it tries to get the credit for doing so, but it happens though to individuals, to private enterprise, to every businessman and industrialist who works hard in his own field to produce quality goods of which there is plenty in Canada.

Mr. Chairman, before concluding, I would have some suggestions to make with regard to the amendment which the new minister of industry might introduce with respect to the industrial development bank.

[Mr. Rondeau.]

Everyone knows that, at this time, the industrial development bank, which was created to put some capital at the disposal of industry, only lends funds on real estate, or capital goods, and that this bank from its creation on until today, only has made loans to the biggest corporations in Canada, of which 65 per cent are controlled by American capital.

The industrial development bank has, until now, helped rather the large corporations than smaller business or industry.

It is also well known that it takes a year or a year and a half, to be able to benefit from a loan granted by the industrial development bank and that, on the other hand, that bank never lends anything to corporations which have been less than three years in existence.

This means, therefore, that the industrial development bank mainly helps undertakings which are already launched, whose business is well established, whose name is well known, who have goods on their shelves and which, in a word, are well on the way to success.

Mr. Chairman, I think we should amend the Industrial Development Bank Act so that the bank can help the industries finance their inventories at low interest, since if we were to allow businessmen to finance their inventories at low interest, they would be able to increase their productivity, lower their operation costs and, at the same time, their production costs.

Mr. Chairman, when establishing this new department of industry, which will come to life very soon, the minister must not interfere in the autonomy of the provinces and of the municipalities, in the autonomy of the already existing and numerous industrial groups in the province of Quebec which have rendered valuable services to several of our municipalities throughout the country.

Then, the minister of industry should be called upon to remove the obstacles which stand in the way of industry instead of increasing the foothold of bureaucrats in Canada.

As I said at the outset, if the minister of industry agreed to reduce the tax on industry gradually, that would lower production costs and, by the same token, industry could compete more easily on world markets.

The minister could set up an advisory board to help industry solve the complex problems it is often faced with.

Instead of sending inspectors out in the field to check on industry's bookkeeping, he could offer the services of experts to help industry solve its problems.

Instead of being a nightmare, those experts would lighten the burden which industry has to carry and that would serve the interests of most of those concerned.

(Text):

Mr. Baldwin: Mr. Chairman, this is one of the much vaunted economic measures which the government has presented to this house and which it is asking to be enacted. To find out what it is all about it is necessary to read very carefully the resolution which is presented and upon which will be based, I assume, the legislation. It is also necessary to read quite carefully what was said by the Prime Minister at the time he introduced the resolution. If you do this, and if you read not only what was said but the implications behind what was said, I am able to say quite definitely that, like all the rest of the measures, stripped of the tinsel of the glittering phrases and the pretentious words it is nothing but a puny and undernourished scarecrow of an economic measure. I do not think there is any question about that. To establish my point I want to deal with just one particular part of the resolution. I think my hon. friend from Bow River has more than adequately disposed of the principal part of the resolution. I want to deal with that part which is set out in section (b) of the resolution, which is:

—to provide for the establishment under the direction of the minister of an area development agency and to provide for the appointment of a commissioner and a deputy commissioner for area development;

To understand that, Mr. Chairman, I think you have to read what the Prime Minister said at the time he introduced the resolution. At page 803 of *Hansard* he deals with this subject. I am not going to read all his comments, but I would read this particular interpretation of what he considers this legislation can do in so far as these areas are concerned:

It will create in Ottawa a small group of people whose special responsibility, on behalf of the minister of industry, will be to make sure that various federal policies are conceived and co-ordinated in ways which will be of maximum help to the areas of maximum need. Again, the point is to make action more effective by providing a focus for it. In this sense the area development agency will be co-ordinating rather than executive.

Before that, as reported at page 801, when first dealing with the resolution he said this:

The point and purpose of the department of industry, which it is proposed to set up, will be to assist in transmitting these various ideas into effective action.

"These various ideas" relates back to comments he had just finished making about the establishment of an economic council of Canada. Consequently, it is necessary to have recourse to and examine what he said regarding what this particular measure to establish an economic council of Canada will do, because the Prime Minister himself has introduced this subject into the debate. In so far as concerns this particular aspect of the department of industry which it proposes to deal with, the economic council for Canada will make a study of how economic growth, technological change, automation and international economic changes may affect employment and income in Canada as a whole. It will also study how national economic policies could best foster the balanced economic development of all areas of Canada.

In other words, the economic council is going to be a "think" factory over which will preside, so I am told, the President of the Privy Council. Having developed its thoughts, its ideas—by what formula we do not know, whether by spontaneous combustion or by slaughtering a chicken every morning and examining the entrails to get some ideas and thoughts as to what is calculated to be best in helping the people of Canada—these particular studies will then be transmitted, if I correctly interpret what the Prime Minister said, to the commissioner and the deputy commissioner for area development.

Here we are getting, in my humble opinion, a perfect example of the fragmentation of departments and the consequent futility of the kind of government operations which this government is asking the house to pass and is asking the people of Canada to accept. The President of the Privy Council will probably act as a midwife to preside at the birth of these brainstorms.

Mr. Pickersgill: That is a rather mixed metaphor.

Mr. Baldwin: The function of the commissioner and deputy commissioner will probably be that of an adopting agency. They will take these ideas probably without ever having collaborated or worked together with the economic council in developing them. The sole function of this agency, as I interpret it and as I interpret what the Prime Minister said,

will then be to foist ideas upon other departments of government. I suggest this is completely wrong and not only will be useless but could be disastrous.

I am going to direct the attention of the committee to a very interesting report which has come to my hand. It is a brief to the lieutenant governor in council of the province of Alberta on administrative problems of government, filed by the Alberta section of the Canadian Bar Association on January 10, 1963. It should be of interest to the speaker who preceded me that this follows another report prepared by the Alberta section of the Canadian Bar Association which referred to the proliferation of administrative boards, tribunals, judicial and semi-judicial agencies in the province of Alberta up to a total of approximately 200, I believe—far more than are found in the province of Ontario with four times the population and having dangerous implications with respect to the system of democratic government as we understand it. On page 10 of the report, section 27, the Alberta section of the bar association made this very significant statement:

The section wishes to state emphatically that the essentials of a policy to be administered by a tribunal should be stated explicitly wherever possible in the statute—

Of course, we have not got the bill before us yet and I may be quite wrong in the assumptions I am making, but having read the resolution and what the Prime Minister has said I doubt very much that we will find in the bill explicit terms as to the policies to be administered by this particular agency. If I am wrong I will be only too delighted to say so at the appropriate time, but I doubt very much that I shall be wrong.

The report of the Alberta section of the bar association was based in part on an examination of other studies which had been launched in England, the United States and Canada, in particular the Franks committee in England, a committee in Ontario which I will deal with later, the Acheson report in the United States and the Whyatt report in England. One of the reports upon which its recommendations were based was that of the committee on the organization of government in Ontario. In that report starting at page 10 I find some very interesting comments. It points out that one of the general principles on which government organization should proceed is—

—that related functions of government should be grouped wherever possible to limit the number of distinct or separate entities. So stated, the principle could lead into quite a lengthy discussion—

And so on.

The principle is stated in order to point up two dangers to sound organizational growth that are perhaps always present where executive responsibilities are expanding in the pattern we have noted.

[Mr. Baldwin.]

In other words, here is a categorical statement that when we attempt to divide various functions between different government entities, departments and boards, which functions could well be concentrated and dealt with under one department, we get into the problem of fragmentation which inevitably leads to difficulties. As a matter of fact, this report on the organization of government in Ontario was prepared by a committee under the chairmanship of the new Minister of Finance. I would certainly suggest to him that when he has completed his present arduous task he should reread it and do a little evangelical work among his colleagues. I think there is an ample and fertile field for him to do so.

As I see it there is the difficulty with this particular program as it is proposed. There is indeed a very serious and urgent need to do something to try to heal the very deep economic wounds on the body of this nation which have persisted for a very long time, but it will not be done by dividing the functions of the organization to deal with them among a number of different departments.

I suggest that we are not without precedent as to how this matter has been dealt with in other countries. In the United Kingdom it was the subject of a long and careful survey over a number of years. Commencing in 1936, I believe, a commission under the chairmanship of Sir Montague Barlow looked into the situation there which was, of course, aggravated in the pre-war years in the United Kingdom. The war intervened and the report was not made until 1944, I believe. In 1945 the report was the subject of legislative enactment in the United Kingdom. It is very interesting to note, particularly in view of the remarks made by the hon. member for Bow River and others, that the legislative enactment of the recommendations of the Barlow report was brought in by a coalition government. It took place before the 1945 election in the United Kingdom and at that time the wartime government under prime minister Churchill, composed of Labour, Conservative and Liberal members, was still in existence. Therefore I would imagine that the act of 1945, known as the distribution of industry act, was probably a synthesis of the views of socialist members of parliament and of those who believed in the principle of private enterprise.

It is also interesting to note that the act passed in 1945 has only been amended twice, once in 1950 and once in 1958. Here you have a situation where a coalition government brought in the legislation which was amended first by a Labour government. It was not a serious amendment, not one which destroyed the fabric and the enunciated purpose of the

legislation. Then it was also amended in 1958 by a Conservative government. Here is an example of where a government dealing with this problem has done so effectively and in such a way that the public had a good idea of precisely what was going to be done.

The bill passed in 1945 consisted of 15 short sections of which perhaps five contained the kernel of the recommendations that had been made. To the extent that my studies have enabled me to come to a determination, it would appear that the legislation has worked fairly well. The remarks I am making now might well have been made on second reading of the bill but after bills are introduced it is, of course, difficult to persuade governments that they have made a mistake. I suggest to the minister and his colleagues that before the bill is brought in it would pay them to take a long and careful look at the legislation and the debate which accompanied second reading of the bill in the House of Commons of the United Kingdom, and that they should also look at the amendments of 1950 and 1958. I make this suggestion because here was a situation where the recommendations which would guide the deliberations of the body charged with responsibility for this particular program were brought out into the open in clear, definite and precise terms, quite contrary to what the situation will be, as I see it, if the proposals made by the government here are proceeded with.

The United Kingdom legislation contained precise terms under which an agency could function. The authority was vested in an existing department, and I call this fact to the attention of the minister. The department which was clothed with the responsibility was the board of trade which, of course, corresponds to our Department of Trade and Commerce. The president of the board of trade was the minister who was charged with carrying into effect the terms of the legislation and reporting to parliament. He was given guide lines, he was given directives, so that he and his officials knew precisely how they could operate. What is more important, the members of parliament and the public knew precisely what could be done.

The situation here, Mr. Chairman, I submit is entirely different. The economic council of Canada may formulate plans and study. As I said before, these studies will be conveyed to the commissioner or deputy commissioner of the area development agency. The deputy commissioner or commissioner will then have the responsibility, in the words of the Prime Minister, not for the implementation of the suggested plans but simply for co-ordination. As I understand it this is the nomenclature for trying to persuade other departments of government to implement these studies or plans. I believe this is the difficulty. The commissioner will not participate to any extent in the formulation of the plans. He will not participate in the execution of these plans, and the members of this house will have no idea of the precise intention of the government in its attempts to render assistance to these areas of Canada which need assistance.

As I say, there are but one of two conclusions at which we can arrive in assessing the value of this legislation. It is either window dressing and of no value, no purpose except the political purpose of implementing a pre-election promise or else it is the vesting in several departments of government, operating without any guide line, of an opportunity to interfere in the industrial and economic life of this country. This interference will not take place under the terms of any statute which has been seen by the members of this house, which has been debated by the members of this house or approved by the members of this house. Unless there is an amendment to the resolution or unless there is something in the act which is entirely different from the concept in the resolution this will do nothing except create the commissioner and deputy commissioner of development areas whose functions and duties will be formulated by executive decision. This, I submit Mr. Chairman, is not the type of measure the people of this country desire for dealing with this problem.

Mr. Churchill: Mr. Chairman, the importance of this resolution has now been brought to the attention of the house as a result of some very able speeches, two of which we have heard within the last few minutes. The hon. member for Bow River dealt with the subject of the increased emphasis on the development of bureaucracy and the hon. member for Peace River has shown that the resolution is faulty in its concept. I propose, Mr. Chairman, to deal with this resolution because I think it is the function of an opposition to examine with the greatest care the legislative measures which are placed before the House of Commons. My experience here indicates that if legislation has been carefully conceived and carefully presented, there is not much loss of time in getting legislative measures through the house.

On the other hand, if legislation is hastily brought forward, trouble occurs. This is the situation with regard to this resolution. When we first glanced at the resolution some time ago, it seemed to make some sense. It was obviously drafted to correspond with an election promise that was made during the campaign. There is widespread and proper interest in the development of industry in this country, and widespread and proper interest in the

second part of the resolution which has been dealt with so effectively by the hon. member for Peace River, namely the proposal for an area development agency.

However, the present government is showing signs of too great haste and not enough thought. This is apparent in the present resolution and, I presume, in the bill which they have been busily drafting. It is apparent in other items of legislation which are on the order paper, as we will point out in due course. The great haste of the present government is beginning to show now in careless preparation.

May I point out that everybody in the country has been aware of the first class work being done by the Glassco commission. The present government has been aware of the presentation of the final volume of the Glassco commission report. However, without an intensive study of the Glassco commission findings and recommendations, the government has rushed ahead, placing items on the order paper that run contrary to the recommendations of the Glassco commission. It may be that the government has already decided it is not prepared to accept some of the recommendations of the commission. This is sometimes the fate of royal commissions. However, it seems to me that the government's rush to place legislation on the order paper before the final report was presented indicates undue haste and careless indifference to a very efficient commission which has been examining the functions of the government of Canada for some considerable time and making suggestions for improvements.

We find in the report presented to us just this week, that the Glassco commission has suggested an entirely different role for the Department of Defence Production than the one which is envisaged in this resolution. On page 108 of the report, the commission suggests that the Department of Defence Production become a department of purchasing and supply and that its responsibilities be extended to include procurement for civilian departments and agencies.

It goes on to give other details of how a department of purchasing and supply would be more effective for government purposes but, without paying any attention whatsoever to that report, the government has brought in a resolution to establish a department of industry and amalgamate with it the present functions of the Department of Defence Production.

The second serious weakness was pointed out by the hon. member for Peace River. I have always had a serious objection to the combining of conflicting interests in a resolution or a bill. If the government fails to take the advice which we are offering constructively, and brings in a bill based on this resolution, then on second reading of that bill, when hon. members deal with the principle of the bill, we must ask what the principle is? There is no one set, definite and specific principle involved here. Apparently two things are to be discussed and questioned. One, do we have a department of industry, and second, do we have an area development agency?

In the speeches made on the resolution stage, some hon. members have dealt with the department of industry proposal. Others have dealt with the area development agency; and when we come to second reading of the bill, unless it is redrawn the house will find itself in the position of questioning what it is voting on. Are you voting for a department of industry and an area development agency? If you are in favour of one and not in favour of the other, you are committed to support both or else vote against both, and this makes for very bad legislation.

My suggestion to the government is that there is still time to make a revision, still time to split this resolution into the two parts in which it should have been presented to us originally, and there is still time to bring in a separate bill for an area development agency. As the hon. member for Peace River has pointed out, other countries have had experience along that line.

As the Prime Minister pointed out in his address, the area development agency has a distinctly different role from that of the department of industry. It is supposed to deal with those areas—and I am quoting his words as found at page 803 of *Hansard* for June 7—

> —in which unemployment is heavy and chronic in its nature, where special government action is therefore called for in order to encourage economic development or industrial adjustment.

In those areas the whole question of manpower adjustment is important, and so I do not question the value of this at all. I am simply suggesting there should be a separate bill covering this agency.

When we are dealing with legislation we are dealing with what we hope will be things of some permanency, not just here this year and gone the next. An area development agency might very well receive unanimous support, but there should be a separate bill for it and it should be considered in that light. With the great haste of this government it has fallen into the error of lack of thought and lack of preparation, and I seriously object to its failure to have recourse to the recommendations of the Glassco commission before putting legislation in front of the house.

I do not think anyone is in disagreement with the emphasis which has been placed on the importance of industry. We all realize that the industrial development of Canada is very vital to our growth. When we talk about industrial development, in this particular instance we are talking about the manufacturing industry. A review of manufacturing industry is given in chapter 14 of the Canada Year Book for 1962, and I would like to read one short paragraph on page 599 which is as follows:

> Canada is no longer on the fringes of industrialization but ranks among the world's most important manufacturing countries. The rate of expansion throughout the years has been phenomenal but in the past generation alone Canada has changed from a country producing and exporting mainly primary products to one that is increasingly producing and exporting manufactured goods. Today, manufactures account for about 26 per cent of the value of all goods and services produced and employ a like percentage of the total labour force.

I would like to examine shortly the development of the manufacturing industry in Canada and point out some of the difficulties facing us in regard to it. The hon. member for Bow River has already indicated, in the course of his remarks, that no matter what we do in the way of developing or setting up another department of government we will still face the problem of a manufacturing industry dependant on a relatively small population.

Examining the records of the dominion bureau of statistics hon. members will see that although over the years there has been a considerable development in the number of industrial establishments in Canada, the employment of the labour force in those establishments, has not kept pace as one might have expected. I presume that is due to different methods of manufacturing, the increase in automation and changes in methods of production. So, although we would like to pin our faith on greatly increased employment with an increase in manufacturing, we must carefully consider at the same time the rapid technological advances which are being made and which slow down the increase one might expect in the number of people employed in manufacturing establishments.

May I call it five o'clock, Mr. Chairman?

The Deputy Chairman: Order. So that the house may proceed to the consideration of private members' business, pursuant to section 3 of standing order 15, it is my duty to rise, report progress and request leave to sit again later this day or the next sitting of the house as the case may be.

Progress reported.

Mr. Speaker: Order. It being five o'clock p.m. the house will now proceed to the consideration of private members' business as listed on today's order paper, namely public bills.

NATIONAL HARBOURS BOARD ACT

PROVISION FOR CONSTRUCTION OF ELEVATOR AT TISDALE, SASK.

On the order:

Second reading of Bill No. C-8, an act to amend the National Harbours Board Act (Tisdale grain terminal)—Mr. Rapp.

Mr. Speaker: Before putting the motion for second reading of this bill, I desire to recall the statement I made at the beginning of the session when I issued a caveat respecting public bills introduced by private members. I said at that time that it was difficult if not impossible for the Chair to review the provisions of these bills to ensure that they conform to the practices and usages of this house and that the bills would be introduced with the understanding that each would be scrutinized before the time appointed for second readings and that any defects therein would be brought to the attention of the house.

The present measure, as stated in the explanatory notes, proposes that a public grain elevator be constructed at Tisdale, Saskatchewan, as a grain terminus for the national port facilities at Churchill, Manitoba.

According to subsection 2 of section 3 of the National Harbours Board Act the board is "for all purposes of this act, the agent of Her Majesty in right of Canada."

And further, according to subsection 2 of section 10 of the same act "all property acquired or held by the board is vested in Her Majesty in right of Canada."

The purpose of the bill is either to enlarge the powers of the board or to leave them as they are. In both cases, it is out of order.

I will deal first with the second alternative for, if the bill is useless, as I believe it to be, it should not be proceeded with.

The definition of a bill given at page 297 of May's 16th edition is as follows: "A bill is a draft of a legislative proposal."

In my view, according to our practice, a bill, to be acknowledged as such, or, rather as a draft of a legislative proposal, must or may do one or more of four things, namely:

(1) Alter or amend an existing law or laws;

(2) Repeal, in whole or in part, an existing law or laws;

(3) Enact a new provision or provisions of law;

(4) Consolidate, in whole or in part, an existing law or laws.

National Harbours Board Act

Bill C-8 is intituled: "An act to amend the National Harbours Board Act (Tisdale grain terminal)", and if it is to be considered as a legislative proposal it should alter the law which it purports to amend.

Does it do so?

In my opinion, it does not. This bill appears to be merely a statement that the national harbours board may deem necessary the construction, etc., of a public terminal elevator, and it accomplishes nothing whatsoever in a legislative way. It seems to me there is little doubt that this matter should be the subject of a notice of motion and not of a bill.

In the explanatory notes accompanying the bill, it is said that "this bill proposes that a public grain elevator be constructed at Tisdale, Saskatchewan", etc. In my view, this bill does not propose that a public grain elevator be constructed at Tisdale but it states that the board may deem it necessary to construct such a grain elevator, and the word "proposes" in the explanatory notes cannot, in my opinion, be considered as a legislative proposal.

Now for the second point. If this bill really proposes to instruct the board to construct a grain elevator at Tisdale—which I do not believe it does—it is also clearly out of order, as would be a bill ordering the construction of branch lines by the Canadian National Railways, a bill instructing the federal district commission to acquire real estate or a bill directing expenditures by the national centennial administration or the Canadian Broadcasting Corporation, to refer but to a few agency or crown corporations.

In a decision rendered by Mr. Speaker Edgar on March 10 and 11, 1898, he stated, *inter alia:*

> While it is competent for a private individual, without the recommendation of the crown to propose an abstract resolution with reference to grants of money, I think this is not an abstract but a very concrete resolution providing and authorizing the government to incur a specific expenditure.

If this were an authorization to an agent of Her Majesty to construct a certain public grain elevator, which, however, as I have stated, I do not believe it is, such an expenditure of money would have to be initiated by the government under the constitutional checks required by section 54 of the B.N.A. Act and the rules of the house.

On May 9, 1933, Mr. Speaker Black ruled that an amendment involving an expenditure which would be incurred by the Canadian National Railways, was out of order because the railway is owned by the government.

On March 9 and 13, 1871, Mr. Speaker Cockburn ruled a subamendment out of order when it asked the house to commit itself in advance to an expenditure of money as such a proposition should have originated in committee of the house and should have been preceded by a message.

To summarize, I believe this bill simply refers to powers that the board already possesses and to my mind the matter under consideration would be more properly the subject of a notice of motion rather than that of a bill. This measure enacts a pious wish and it is useless to instruct the board to build an elevator as the board already has the right to either build or not to build it.

I regret that in the circumstances I am of the opinion that there is probably justification for ruling this bill out of order.

Mr. Pickersgill: I wonder if I might be permitted to make a suggestion to the house. My suggestion is that the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) might undertake, at the end of the debate today, to withdraw the bill, in which case the house could agree to debate this bill as though it were a notice of motion such as Your Honour has indicated it could perfectly well be. On this basis, the hon. member's wish to bring this matter to the attention of the house will be fulfilled, notwithstanding the technical defect in the way of doing it. The hon. member had the luck of the draw and got his bill near the top of the list and it seems somewhat harsh, now, to deprive him of the opportunity he gained in this way on the grounds of a technical defect such as he, or I, or some other of the less learned members of this house would be more apt to make than would one or two of the more learned among us.

I wonder whether there would be unanimous consent to such a course and whether the hon. member himself would be agreeable to the suggestion I have made.

Mr. Speaker: Before we begin to discuss the bill I should like to know whether the house agrees to give unanimous consent to proceeding in the way suggested.

Some hon. Members: Agreed.

Mr. Speaker: The house having given unanimous consent to proceeding as suggested by the Secretary of State, I will put the motion, subject to its withdrawal at the end of the discussion or at six o'clock, whichever comes first.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Of course, Mr. Speaker, I do not wish to transgress your ruling. I should like to express my thanks to the leader of the house (Mr. Pickersgill) for presenting my case to hon. members. I should also like to express my thanks to the house for giving me unanimous consent to have this subject debated.

First of all, I should say I was given to understand that this was just a declaratory bill. It is declaratory of one of the powers the board already possesses. It gives no new power to the board to expend money for new purposes. The board already has the power under section 10 of the relevant statute, as is spelled out in the explanatory note, to construct, maintain and operate terminal elevators in Tisdale.

Churchill is a national harbour under the jurisdiction of the board and the board has the administration, management and control of the work. All these proposals of the harbour board are subject to the approval or veto of the governor in council, so I did not consider this to be a private member's money bill.

However, I should like to say that this bill is of national importance, not only in regard to the building of a terminal to expedite shipment of grain to Churchill, but because we in the west are faced with another problem, the abandonment of railroads. In this regard the building of a terminal in Tisdale would to a certain extent alleviate the situation.

Mr. Speaker, I should like to bring to your attention the seriousness of the case. For instance, the railroads are presenting a brief to the board of transport commissioners in regard to this abandonment of which I have spoken, which will affect 13,500 farmers in Saskatchewan. These 13,500 Saskatchewan farmers will be deprived of 1,274 miles of railroad, and as a result many grain elevators will not be used any more. As a matter of fact, approximately 40 million bushels of grain, taken as an average over the last 10 years, have passed over these railroads. When I said that this is a question of national importance, I think it is the responsibility not only of the grain companies to provide additional space for storage, but it is also the responsibility of the government. We all remember the years of surplus grain and how we in the west were affected by quotas. In view of that I do not think we can leave it to the grain companies to provide this additional storage space. The government and we in this parliament must see that the farmers in the west will not be put in an impossible position.

As far as this terminal in Tisdale is concerned, another purpose would be served by its construction. Over the years we in the west have always thought that the route to Churchill for the shipment of grain had not been used to its full capacity. Farmers could save from 6 to 7 cents a bushel on freight, because this is the shortest route to Europe. Even our customer, Great Britain, would be able to save about three cents, because it is about 1,100 miles shorter to use the Hudson bay route instead of shipping grain through the lakehead. In other words, a total of about ten cents could be saved.

Another point I should like to stress is that during the years of surplus, although we had two terminals, one at Saskatoon and one at Edmonton, they were never used to full capacity; they were used only to half their capacity. The reason for that was that the grain companies found it much more economical to store their grain at the lakehead at their own elevators, thus receiving more handling charges and storing charges from the federal government, which amounted to as much as $45 million to $50 million a year. I submit that we should not only ship more grain through the port of Churchill, but that the government should see that if this question of rail abandonment is proceeded with the farmers should be provided with government elevators and terminals, not only at Saskatoon and Edmonton but at Tisdale, and thus the cost of storage will be much less than it is at the present time.

The reason I submit that Tisdale requires a terminal is this. A few years ago, Mr. Speaker, the government of the day sent out officials to investigate the possibility of constructing a grain terminal between the western provinces and Churchill, particularly in the northern section of the country, and Tisdale was named as one of the places which would be very suitably located. In fact it is only about 600 miles from the port of Churchill. The Prescott terminal and the Port Colborne terminal serve the same purpose, but grain shipments from there to Montreal, Quebec and Halifax have to cover a far greater distance than the 600 miles from Tisdale to Churchill.

I should also like to say that Tisdale is the centre of the grain growing area where most of the best grain is grown. A terminal at Tisdale would serve a good purpose, because many farmers are going into livestock production, and with grain being cleaned at the terminal it could be sold back to the farmers. At the present time all the grain going out to Churchill from the elevators is uncleaned. Livestock is developing into a large industry in Tisdale. Last year, for example, approximately $2 million worth of livestock was sold at auction, just through the stockyards. But what I am most concerned with is that if we in this country are again confronted with a surplus grain position we must have storage places. We cannot depend entirely on the grain companies to provide us with the storage; the government must take the responsibility. We cannot escape our responsibilities in this regard, because as I said at the outset

if this 1,200 miles of railroad is taken out 13,500 farmers will be affected, which would mean that we would have to have a storage elevator and a terminal at Tisdale, from which we could ship our grain to Churchill. At the present time there is only an average of about 20 million bushels going out of Churchill, but people who know something about the situation say that this figure could be increased two or three times if our grain companies or the wheat board agree to put more grain through Churchill. If this were done our customers in Britain would benefit very much, as well as the Scandinavian countries.

In conclusion, Mr. Speaker, although this bill, as you have said, has to be withdrawn, I can assure you, even though it is withdrawn, that we cannot solve the problem just by so doing. Steps must be taken by the government, either now or later on. The problems of storage and abandonment must be solved before it is too late. I understand the railroads have already applied to the board of transport commissioners for permission to go ahead with this abandonment, and I should like to stress that serious consideration should be given the matter. Mr. Speaker, I had much more to say about this bill, but I know many hon. members are interested in the problem and I am sure the house would wish to hear their comments.

So before six o'clock I will withdraw the bill as you have suggested, Mr. Speaker.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, rising to participate in this debate, as this is the first occasion upon which I have taken part in a debate in this house may I take this opportunity of congratulating you, sir, even if belatedly, on your election as Speaker. I am sure that you will be a most distinguished Speaker.

Some hon. Members: Hear, hear.

Mr. Sharp: I am not very familiar with the history of this chamber, but it must be very rare indeed for a minister of the crown to make his maiden speech on a private member's bill and to make it on budget day when he has no chance whatever of getting any publicity. I do so, however, because this bill relates to the improvement of grain handling facilities on the prairies, a matter in which I have had a continuing interest throughout my career and of course in which, as Minister of Trade and Commerce, I have a very lively interest today.

It has been my good fortune to have had a wide experience both in business and in government, and ever since I was of the tender age of 14 years I have been connected in one way or another with the handling of western grain; the only exception was the four years that I spent in the utility business. When I assumed my present office and the Canadian wheat board was retransferred to the jurisdiction of the Minister of Trade and Commerce I felt as if I were once again on familiar ground. It has been a source of great gratification to me, sir, to be able to work once again with my friends in the Canadian wheat pools and their grain handling organizations, with the united grain growers and with the private trade, all of whom have contributed to the development of the present facilities for handling and selling Canadian grain. May I say, sir, that since taking office I have been very much impressed by the evident desire of all these groups to play their part in improving the machinery for the marketing of Canadian grain. I am happy that this is so, because there is certainly much to be done and, if I may say so, sir, it cannot be done only by government or even only by the Canadian wheat board; we need the co-operation of all those in the country who are concerned with the efficient handling of Canadian grain.

This is not an occasion, sir, for my entering into an extended discussion on Canada's grain marketing situation, and I am sure you would stop me if I were to attempt to do this. But I hope I may be permitted in this, my first speech in this house, to make a brief reference to the grain marketing situation as it was when we assumed office a relatively short time ago. I do not intend to bore hon. members with a long statistical statement; instead, I would like to quote just three sentences from a document that will be familiar particularly to hon. members from agricultural areas in the west as well as in the east, namely the recent submission of the Canadian Federation of Agriculture to the present Minister of Agriculture (Mr. Hays) on May 8, just about two weeks after this government took office. The sentences I would like to quote are under the heading "Grain policy" and they read as follows:

> The first requirement of western grain policy is of course to take all possible measures to maintain and increase exports of wheat.

I would like the house to mark the following words:

> There has been a decline in exports in the present year, and the movement at opening of navigation has been disappointing. This situation gives cause for real concern and the most aggressive measures and constant attention to export possibilities are required.

Now, sir, from some of the comments made in this house by hon. members opposite one might have concluded that when they left office exports of grain were improving; that sales were high; that everything was in good shape. I put these words on record now in

my first speech to make it clear, not from what I say but from the authority of an organization for which I am sure everyone in this house has a very high regard, that at the time we took office the situation gave cause for real concern.

I would like to assure hon. members that the Canadian wheat board, which is the agency concerned with the marketing of Canadian grain, is being at least as aggressive as it was or as it has ever been in selling Canadian grain, and that it is getting at least as much support from this government as it did from this government's predecessors. I hope that with the support of all those concerned with the marketing of grain we shall be able to reverse the downward trend in grain exports that was well under way when we took office. With those few remarks, sir, I would like to turn to the substance of the—

Mr. Pascoe: Mr. Speaker, could I ask the minister a question, please?

Mr. Sharp: Certainly.

Mr. Pascoe: The minister said in his statement that exports are falling now. I recall that the former minister of agriculture said that it did not really matter what exports were like at the moment; what mattered was how they were at the end of the crop year. Could the minister indicate whether at the end of this crop year the marketings will be anywhere near the record of last year?

Mr. Sharp: Mr. Speaker, we will have had so little to do with the marketing of wheat in this crop year which, as the hon. member knows, ends on July 31, that in spite of the very best efforts we could make I doubt very much whether we could overcome the very serious problem that faced us when we took office. But we will be doing our best.

Now, sir, may I turn to the terms of the bill that is before us and make a few comments thereon. As the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) explained to us, the purpose of this bill is to promote—if I may put it that way—the building of a public terminal elevator at Tisdale, Saskatchewan, with a minimum storage capacity of 5 million bushels. I feel that I cannot support this bill, for three main reasons. First, the building of a terminal elevator at Tisdale is not likely to increase exports of Canadian grain, as I shall explain in due course; second, the building of this elevator would probably have the result of increasing the cost of marketing Canadian grain; third, if one were to look at the grain situation in general I think he would come to the conclusion that there are other places in Canada where elevators could be constructed with greater advantage to the movement of Canadian grain.

May I speak now, sir, first to the point as to whether this elevator is likely to increase the exports of grain from Canada. As the hon. member has pointed out, the purpose of this elevator would be to increase the volume of exports through the port of Churchill because this elevator would be located at the end of the Hudson bay railway. As he has acknowledged and as is well known, the port of Churchill is really one of the great models of efficiency in our grain handling situation and, if I may be permited to say so, I think one of the reasons is that the elevator there was built by one of the greatest Canadians of all time, the late Right Hon. C. D. Howe. In a short period of approximately 10 weeks about 20 million bushels of grain have been exported recently from this port.

As the hon. member has said in his explanatory notes and as he has repeated again today, the reason for building an elevator at Tisdale would presumably be to clean wheat so that it could be moved through the port of Churchill with greater dispatch. This is one of the purposes. The theory is that this would mean a greater volume of wheat moving through the port. However, Mr. Speaker, this reasoning is based on the assumption that the volume of wheat moved through Churchill depends entirely on actions taken within Canada, that it is in Canada that the impediments, such as they are, exist.

As the hon. member is aware, export sales out of Churchill have been running at around 20 million bushels annually for the past several years. This is all shipped out during August, September and October, and this period immediately follows the harvest period in the United Kingdom and Europe where our present market for Churchill grain exists. As a result storage facilities in those countries are usually filled with their domestic grain at that time. There is, therefore, a definite limit to the volume of wheat that can be absorbed by the European market during the time that it is convenient to ship wheat from Churchill. The only exception would be if storage facilities were built in Europe to store Churchill grain, and this would be very expensive. According to the Canadian wheat board the volume of exports out of Churchill is at or near its maximum level until such time as new outlets can be found for Churchill wheat.

The second reason that I find myself doubtful about the wisdom of building this elevator at Tisdale at the present time is that I think, as I said before, that it would tend to increase the over-all cost of marketing Canadian wheat. During the busiest part of the

Churchill season there are times when it is necessary to ship grain that has already been cleaned to speed up loading in the port. When this occurs the elevator at Saskatoon is used for this purpose, and last year the Canadian wheat board moved about 1,400,000 bushels of wheat—

Mr. Rapp: May I ask a question?

Mr. Sharp: Certainly.

Mr. Rapp: That is exactly what the trouble was over the years when we had surpluses. Instead of the wheat board filling government elevators, they filled the elevators of others who handled their own grain to the lakehead so that they could save money. At that time I think it was the fault of the government, and the two elevators in Edmonton and Saskatoon were never filled to capacity. That is the reason why only 600,000 bushels were exported through Saskatoon annually.

Mr. Sharp: May I say that the point that I was going to come to was that these 1,400,000 bushels of wheat that were cleaned in Saskatoon cost the Canadian wheat board 3½ cents per bushel. This cost is made up of a stop-off charge by the railways of 3 cents per hundredweight or about 1.8 cents per bushel, an elevation charge of a cent and a half and an inspection and weighing charge of $4 a car or about two tenths of a cent per bushel. Naturally because of this added cost the board tries to minimize as far as possible the necessity of moving wheat from Saskatoon but in order to maximize the total Churchill movement it is necessary to make use of Saskatoon. The building of an elevator at Tisdale would thus be a duplication of an elevator already in existence, use of which adds to the cost of handling western Canadian wheat and the use of which is minimized to the maximum extent practicable.

The final reason for my doubts about the wisdom of this proposal is that if additional elevator space is to be built in Canada it seems to me it could be erected in a more favourable location. Hon. members know that one of the great changes that has taken place in the movement of grain has been the development of markets in the Far East.

Mr. Rapp: Mr. Speaker, I do not want to interrupt the minister but he referred to a more favourable location. This is the reason we in the northern part of Saskatchewan would like to see a terminal built there, because during the surplus years we never received the quotas that other parts of the prairies received. Up to the middle of June we were only able to deliver 2 bushels per acre while others were on an open quota. This is the reason we are entitled to a government elevator in northern Saskatchewan.

[Mr. Sharp.]

Mr. Sharp: I thank the hon. gentleman for reiterating his position. I was dealing with the problem from the point of view of the interests of grain handling generally, which I think must be a viewpoint that is shared by him as well as by other hon. members from western Canada. I may say to him that even the fact that his bill was on the order paper has prompted some requests from other parts of the prairies which feel that they have at least as good a case as he has.

However that may be, in my concluding few minutes I should like to make a few remarks as to why, granted that everybody would like to have a terminal elevator in their home town, I am sure there might be better places from the point of view of increasing sales of Canadian grain than Tisdale or some other places. I am not singling out Tisdale particularly. There are two movements, of course, that have developed enormously. One of them is the movement out of the west coast to our new markets in the Far East, and there is a case for increasing our grain handling facilities on the west coast. Then, of course, there is the big market for feed grain which has developed recently in eastern Canada. There might be something to be said for increased storage facilities there, even though there has been a big increase already.

Finally, may I say a word about the other point made by the hon. member, and that is branch line abandonment rationalization. In the Tisdale area, there are, as the hon. member knows, several branch lines that could be subjects for abandonment and he has reason to be concerned about this possibility. It could be that if some of the low traffic density lines are closed down the country elevators along the lines that are abandoned would be closed. The implications of this, if I may say so to my hon. friend, are that a town such as Tisdale would likely be one of the places where storage capacity would be increased.

In Tisdale there are already four elevators with a total storage capacity of 344,000 bushels, and I am sure my hon. friend is very proud of this. If the logical pattern is followed I think Tisdale will do well. I am not making a prediction about this. I am just suggesting that it would be logical if there were greater concentration in Tisdale.

May I say a word about the trend that is now going on in western Canada with respect to elevators. I think all hon. members from prairie constituencies will agree that the modern trend is toward larger and well equipped country elevators. This permits greater over-all efficiency in handling, and because of this prospective railway line abandonment on the prairies represents both a problem and an opportunity. The problem,

of course, is how to increase the efficiency of the whole system with the least possible interference and damage to existing investment and institutions. I can assure hon. members that the government has had several useful conversations already with the grain handling organizations. My colleague, the Minister of Transport (Mr. McIlraith) is engaged in consulting not only the grain handling organizations but all of those who are concerned with this very important problem. I feel quite confident, Mr. Speaker, that in these consultations the interests of Tisdale will not be neglected.

Mr. Fisher: May I ask the minister a question? When he referred to branch line abandonment he used the words, "damage to investment". I think those were his words. May I take it from that that the problem which has been put before the government by the grain organizations and by the communities involved is that there should be some recompense for damage to investment, and is the government considering some kind of formula or trying to arrive at some basis on which this could be determined?

Mr. Sharp: Well, Mr. Speaker, I have not been the recipient of all these representations, so I am unable to satisfy my hon. friend's curiosity. They have been directed to the Minister of Transport, and he has not yet consulted with me. I am not really familiar, I am sorry to say, with the nature of the representations that have been made.

Mr. Eldon M. Woolliams (Bow River): The hon. member for Bonavista-Twillingate (Mr. Pickersgill) may wonder why I am so interested in a place called Tisdale, Saskatchewan. If I may just take a moment, I should like to explain to him that after the war I practised law in a place called Tisdale, Saskatchewan. I had two very fine legal partners, there, one by the name of Earl Van Blaricom and the other was D. H. H. Hamilton, the brother of the former minister of agriculture in one of the Liberal governments. Both of them were Liberals. After spending six or seven years in this area, I feel I should like to join with the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) in support of this bill which has now turned into a motion.

I do not know whether or not the minister has had the experience of visiting what we call the Carrot river valley, which is one of the finest farming areas anywhere in western Canada. When I first went to Tisdale and met these two legal partners, both of whom came into the area about 1918 or 1919, the area of northeastern Saskatchewan was practically solid bush. This bush has been cleared away and there are now thousands of acres of the finest land anywhere in western Canada. In fact, this area has been called the garden of the prairies. It was in the Carrot river valley adjacent to Tisdale that a farmer by the name of Kermit Purdy brought rapeseed to western Canada for the first time. It is now used as an edible oil and for other industrial purposes. The rapeseed yield in this area runs to about 1,700 pounds per acre. During the war oil was a very important commodity for our defence projects and at that time rapeseed brought about six cents a pound. This very important farm area surrounds Tisdale, which is on the branch line to the city of Prince Albert. People in this house know where the city of Prince Albert is. The other point on that branch line is Hudson Bay Junction, which is now known as the town of Hudson Bay.

The branch line to which I am referring is the one that carries grain to the export market and is known as the Churchill line. There has been an association in that area for 20 or 25 years called the Hudson Bay association which has as its purpose the promotion of the greater use of this line for exporting grain through the port of Churchill to Liverpool, Great Britain. This is the shortest route from western Canada to Great Britain, our most important purchaser of western grain. I, therefore, join with the hon. member for Humboldt-Melfort-Tisdale in requesting the government to give this matter serious attention.

I cannot go along with the Minister of Trade and Commerce when he says that Tisdale would not be a good site for an elevator. Tisdale is really the centre of a big farming area. It is the gateway to that area which produces the cereals I have mentioned and would make an excellent place for storage.

Then, too, we are moving into a new era in western Canada in connection with grain handling. At one time there were grain elevators within a few miles of every farm, and the only way the grain got to market was through these local elevators. With the abandonment of railway branch lines in western Canada and the development of more efficient trucks we find that today trucks will take 500 bushels of grain from the farm to the elevator. It seems to me that we are moving into a period in western Canada which will mean the disappearance of the local elevator, at one time the landmark on the prairies. We will have the kind of elevators described by the hon. member for Humboldt-Melfort-Tisdale. In fact, he may be the first member from western Canada to put his finger on this new revolution which will take place in the marketing of grain. I am sure that farm organizations, the Saskatchewan wheat pool, the Alberta wheat pool

and the united grain growers, would be the first to go along with my remarks.

I should like to make a personal reference to my association in this house with the hon. member for Humboldt-Melfort-Tisdale. I am sure that all hon. members who have been here since 1957 or 1958 share my belief that there is no member in the House of Commons —I say this without reservation—who works harder for his constituents than the hon. member for Humboldt-Melfort-Tisdale. I think it is well to recall too, his maiden speech in this House of Commons. At that time he said he belonged to a certain ethnic group. When he came to this country he never hoped he would achieve as much as he did. When he walked towards the House of Commons, as a new member he said that the statue of Sir Wilfrid Laurier seemed to look down at him and say, "You now have arrived". He has arrived. He has done an excellent job not only for his constituency but for western Canada.

In spite of the fact that this is the maiden speech by the Minister of Trade and Commerce, I want to take sharp issue with him in so far as the export of grain is concerned. If there is one subject about which I know something, it is this subject of grain, since I was raised in a wheat farming area known as Rosetown, Saskatchewan. I know the problems that the farmers have had over the years, and I know something about the problems of marketing grain. When the Liberal government was defeated in 1957 there were 700 million bushels of surplus wheat piled up on the farms, in old farmhouses and other old buildings, and at the lakehead. The quotas were as low as two or three bushels per acre. I do not believe the Minister of Trade and Commerce can make a case today for himself or for the Liberal government, because with a new Liberal government the farmers of western Canada can look again to the days when they will have surplus grain piled up on their farms. That is what he has promised them.

Not so long ago, after this government took office, I picked up a newspaper and noticed that the new Minister of Trade and Commerce had said that he was not going to take the same steps as the former minister of agriculture, the Hon. Alvin Hamilton. He said, "I am not going to China; I am not going to Hong Kong." He was going to leave it to the bureaucrats to look after this matter. I say to this new Minister of Trade and Commerce that he will have to be responsible to the farmers of western Canada for keeping the grain moving as it has moved for the last five or six years under a Conservative government.

[Mr. Woolliams.]

Mr. Sharp: May I ask the hon. gentleman a a question? Is he suggesting that the former minister of agriculture signed the agreement for the sale of wheat to China?

Mr. Woolliams: Well, Mr. Speaker, I was not a member of the cabinet. I do not know what was signed. I have not seen these documents.

Some hon. Members: Oh, oh.

Mr. Woolliams: You may laugh now, some of you people from Toronto, but you will not laugh later. I know what Toronto thinks. They think that the public treasury pours out money to the farmers. Let me answer the question. I would say this to him. Does the Minister of Trade and Commerce deny that the figures for the export of wheat from Canada under the Conservative administration, over a five year average period, were greater than in any five year period since the institution of the Canadian wheat board? I have those figures in my possession, although I do not have them with me at the moment. I put them on the record the last time I spoke, and I can say that never did a Liberal administration, under the old regime of Jimmy Gardiner, export more wheat.

Then of course we had C. D. Howe who said to the farmers, "It is your job; you look after it." The farmers remember those words. They remember the great meeting in Winnipeg area when Mr. Howe forgot himself and told the president of the Liberal association, who was a farmer himself, to sit down and listen, that he, C. D. Howe, would tell them how to do it. Let's face it. The Liberal administration was never able to export more than 300 million bushels of wheat in any one year.

Mr. Sharp: Mr. Speaker, I think the hon. member is misinformed, and I suggest that he look up the figures.

Mr. Woolliams: I have not got the figures with me but I will put them on the record. I did not bring them with me because this debate came on at five o'clock and I did not want to interrupt the Minister of Trade and Commerce. But, I think he used this bill to pad the way for a new era in western Canada, an era of decline in the export of cereals from western Canada to world markets. When the figures are put on the record he will find that, with our home consumption and export markets, we were able to sell I believe 370 million bushels of wheat in one particular year. There is no question about that and today the farmers of western Canada have a degree of prosperity that

they have not had for many years, brought about by the Conservative government.

Now, I want to answer some of the hon. members from Toronto. They are the kind of boys who say that the money that comes from the Canadian wheat board to the farmers in western Canada comes from the treasury of Canada. I would point out to them that the Canadian wheat board operates a pooling arrangement, and the second and third payments are payments that arise because the wheat has been sold at a higher price than the initial price paid at the time the farmers delivered it to the elevators. There is no give-away program for the farmers. They are independent people, and they will agree with the remarks I made this afternoon earlier in another debate.

When the Secretary of State rose this afternoon and, with his usual graciousness, said as the bill was out of order we could now turn it into a notice of motion, I thought this was a new era. I said there was a man I could be most fond of. Then I realized he had a little agreement with the Minister of Trade and Commerce to use private members' hour to get the fact across that there was going to be a problem in marketing wheat.

Mr. Whelan: Would the hon. member permit a question?

Mr. Woolliams: Certainly. Coming from you I would enjoy a question.

Mr. Whelan: Would the hon. member say if the government he supported is going to take credit for the drought in China too?

Mr. Woolliams: Mr. Speaker, there is a real intelligent member. He is talking about drought in China. We have had droughts in China and India before, but the thing is that the aggressive Conservative government went out to China and sold grain to feed the people—

Mr. Sharp: On a point of privilege—

Mr. Deputy Speaker: Order.

Mr. Woolliams: I only have a few minutes left, Mr. Speaker.

Mr. Sharp: I rise only on a point of privilege, Mr. Speaker. I had every intention of participating in this debate, and had ever since the hon. member put his bill on the order paper. I felt there would have been disappointment if we had not an opportunity of debating it, but if anyone in the house had taken exception to this procedure I would not have had this opportunity.

Mr. Woolliams: I do not know if that is a point of privilege, Mr. Speaker, but I do know our government went out and found the markets. It was not like the previous administration which lost the grain markets, which allowed the wheat and other cereals to pile up on the farms. So far as the Minister of Trade and Commerce is concerned I do not know what he has to do with it. Probably he does not understand the problems of the western and eastern farmers.

Mr. Walker: You are the only one.

Mr. Woolliams: In fact the Liberals have only one member from western Canada. He lives in the city of Calgary where he is the mayor. We have noticed he is often absent from the house, and he is probably not able to give this the interest that he might.

Mr. Deputy Speaker: May I suggest to the hon. member that he attempt to limit his remarks to the subject matter that is now before the house.

An hon. Member: That is very hard for him.

Mr. Woolliams: I was just going to say this: with the absence of the Minister of Agriculture that is the reason no doubt they assessed the situation and the wheat board moved back under the Department of Trade and Commerce, and that is the reason I think the Minister of Trade and Commerce made his statement with reference to the fact that he was not going to go overseas and try to negotiate other deals in wheat.

(Translation):

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I think that the previous speaker has taken much time. I even thought that he would kill the bill of the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp).

Nevertheless, I congratulate the sponsor of Bill C-8 proposing that a public grain elevator be constructed at Tisdale. However, such an urgent need surprises me because the member's government has had all the opportunities to treat Saskatchewan well. Was the member so shy with his leader that he could not state his requirements? It is a farce, since the opposition has just been turned out of office, which seemed too heavy a load to carry.

The hon. member speaks about a possible reduction of export prices. We, of Quebec, agree with this, but we still wonder why the Conservative party did not take action along that line.

Mr. Speaker: Order.

(Text):

Mr. Rapp: Mr. Speaker, on a point of order, pursuant to the agreement entered into with regard to my bill I ask leave of the house to withdraw it. I have done this very reluctantly, but this one hour debate was not a funeral for my bill. It was only the birth of a new baby that I will discuss much more in the hours to come.

Mr. Deputy Speaker: Has the hon. member unanimous consent to withdraw the bill?

Some hon. Members: Agreed.

Order discharged and bill withdrawn.

Mr. Deputy Speaker: The hour appointed for the consideration of private members' business having expired, and it being six o'clock, I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Walter L. Gordon (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: Mr. Speaker, somebody was kind enough this afternoon to give me my horoscope for today, which reads: "Don't worry over money matters". I do not think that is an appropriate horoscope for tonight, because in delivering tonight the first budget of this new government I am aware that it is my duty to present the facts as we found them on taking office. It is also my duty to ask hon. members and the Canadian public to face up to these facts and, having done this, it is my further duty to indicate the kind of measures which are needed to put our national affairs in order once again.

This then will be a "face the facts" budget. If we face the facts, and if we conduct ourselves accordingly, we in Canada can look forward to an exciting and prosperous future. If we are afraid to face reality, if we are afraid to take the actions and the decisions that are called for, then the consequences cannot be long delayed.

I shall begin my remarks this evening with a few words about the importance of the annual budget presentation and then go on to discuss the condition of our national economy.

We on this side of the house take the budget very seriously. We look upon it as an annual occasion of great national importance. It is an occasion when the government is expected to give to parliament and to the people a clear appraisal of the nation's financial and economic condition. It is an occasion when the government must outline the short and long term economic and financial policies it proposes to pursue to overcome the problems and to convert the prospects into realities. Above all, it is an occasion initiating a grand scrutiny by parliament of the financial affairs of the nation. It is an occasion which should not and must not be avoided or delayed.

It is now almost exactly two years since there was a budget debate in this house. I remind hon. members that in the fiscal year which ended last March 31, the estimates for only six departments were called in this chamber, and even they were not approved. We have been financing for far too long a period on interim supply and Governor General's warrants. In a period of 14 months over $5 billion has been spent by the government of Canada with no parliamentary authorization other than warrants and interim supply votes.

In the last parliament, no one was more critical of this state of affairs than we who are now on this side of the house. We protested vigorously in that parliament, and when it was dissolved we took the question to the people. The results indicated their conviction that an accounting before parliament for the nation's financial and economic affairs was due, and indeed long overdue. It is that accounting which will be presented tonight.

The year 1962 was a remarkable one in Canada's economic history. It was marked by an exchange crisis which followed upon five years of economic stagnation. It was also marked by the adoption of a fixed rate of exchange for the Canadian dollar, an action which was taken three weeks after the government of the day had indicated that it was not its policy to do so.

Despite the exchange crisis, and perhaps partly as a result of the devaluation which had been resisted for so long, the year 1962 was for Canada an improvement over 1961. This was evident in the industrial part of our economy, while in agriculture, too, incomes were up and acreage under cultivation increased. Details are to be found in the budget papers tabled last Tuesday.

It is encouraging to record that the prospects for the current year are also favourable both in agriculture and in industry.

An hon. Member: What about prices?

Mr. Gordon: I will come to that. But the improvement we are now experiencing leaves no room for complacency. Our rate of growth over the past six years as a whole has been quite inadequate. We have had a falling rate of new investment. We have had chronic deficits in our international balance of payments. And most important, we have had chronic unemployment.

All of these problems are interrelated; if we can cure one, we shall relieve the others. For example, our international balance of payments deficit on current account has averaged almost $1.2 billion annually in the past six years. This has meant that we have been importing goods and services which we should have produced at home, and that we have failed to find export markets for goods which we should have sold abroad. If this situation had been corrected, the increased production in Canada might well have meant not less than 150,000 more jobs and our unemployment problem would have been reduced accordingly.

The added investment needed to provide this increased production and employment, and the increased production and employment itself, would all have produced higher government revenues. This would have been reflected in reduced budgetary deficits.

I could go on to describe our difficulties and what we propose to do about them strictly in terms of economics. But perhaps hon. members will forgive me if I speak in more human terms tonight, and about the human tragedies that inevitably result when economic conditions are unsatisfactory and our national affairs mismanaged.

The grim experiences of continuing unemployment are to be found in nearly every part of Canada, in nearly every constituency. Most members of this house know of men and women and of whole families whose lives have been warped and whose futures impaired by long periods when they were looking for non-existent jobs.

My own riding of Toronto-Davenport is a high unemployment area. Many of the people who live there came to Canada quite recently, and they are not fully familiar with either the language or the customs of their new community. They face frustrating disadvantages in their battle for a decent life. Similar conditions I suggest prevail in most other constituencies across the country.

The prevalence of unemployment is a wrong that must be righted. Any Canadian, young or old, who wants a job must be able to find one. Any Canadian must be able by his work and his savings to make his own direct contribution to the well-being of his family, his community and his country. This is a basic tenet of Liberal philosophy. It is an aim which we are dedicated to achieve.

It is the view of this government that unemployment is the most serious domestic problem facing Canada today. I shall review briefly the steps which we are taking to combat it.

A measure has been placed before the house providing for the creation of a department of industry. This new department will contribute to the long term solution of our national economic problems by actively promoting more employment opportunities in our manufacturing industries. Its aim will be to see that we produce more manufactured goods for export and for our own domestic needs, and that we process more of our natural resources in this country.

The minister-designate of the proposed department has already held preliminary discussions with officers of the automobile industry, both the car assemblers and the parts manufacturers. These discussions have been designed to ensure that we produce in Canada a larger volume of automobile parts and components for incorporation in Canadian cars or for export. The value of our net imports of automobile parts and components this year will probably exceed $400 million. The objective in the years ahead is to reduce very greatly these net imports. The government is counting on the full co-operation of the industry in realizing this objective.

These discussions with the automobile industry will be followed by discussions with the officers of other Canadian industries designed to achieve similar results. In the search for new employment and increased economic strength we shall not be satisfied with half measures. Wherever major changes in our industrial structure are found to be necessary, we shall energetically promote them.

It is important that the new employment we are seeking to achieve in the Canadian economy, and the new investment required to produce it, be directed wherever practicable to areas of slower growth and surplus manpower. To this end the special area development agency within the department of industry will seek to encourage new investment in areas where it will do the most good.

The Atlantic provinces are an area of slower growth which for many years has not shared adequately in our economic progress. The house will be asked to strengthen the Atlantic development board through the provision of a substantial capital fund. This fund will enable the board to promote capital investment on its own initiative.

The full effect on the economy of the important measures I have been discussing will not be felt for a few years. Loans made by the proposed municipal development and loan board are intended to have a more intermediate effect. Their impact should begin to make an impression within six months to a year from the time when parliament approves the legislation contemplated. These loans should result in a marked increase in social investment and in the employment it involves.

As a further means of combating unemployment, I shall propose later this evening a number of measures to promote new capital

investment by providing special financial incentives in the private sector of the economy.

In addition to these long term and intermediate term measures, I should refer to the various proposals the government is making for providing more jobs this coming winter.

We have advanced a proposal to increase the percentage of winter works assistance in designated areas. This measure is also designed to reduce unemployment by promoting investment in social capital, and to do it in areas where and at times when unemployment is most severe.

Earlier this week my colleague the Minister of Labour announced that he would propose a program designed to reduce winter unemployment by encouraging house construction in the months when activity in the construction industry reaches its seasonal low. This program will apply to rural as well as to urban housing.

The minister also announced that he would propose the expansion of the existing program for retraining the unemployed in cooperation with the provinces. And he announced that a new program would be proposed to encourage basic training, increased apprenticeship training, and the retraining of those presently employed but whose jobs are threatened by industrial change.

There is one aspect of the unemployment problem that is of particular concern to the government. That is the persistent difficulties encountered by older workers in securing steady employment after they have been out of work for some time. An improvement in general employment levels and the correction of regional unemployment problems do not seem to be enough to overcome these difficulties. Something more is needed to look after the problem of this hard core of our unemployed.

The house will therefore be asked to provide by way of supplementary estimate for the payment of a special allowance to all employers, other than governments or municipalities, who increase the number of their employees this winter in a specified manner over a base level. The allowance will be paid on employment of workers aged 45 or older who have been out of work for six of the previous nine months and who are not in current receipt of unemployment insurance benefits or pensions. The allowance will be conditional on the employer providing the worker with a significant amount of approved training. It will be paid at the rate of 50 per cent of wages or $75 a month, whichever is less, for each month of employment and will continue for up to 12 months. It is proposed that this program apply to workers hired between November 1 this year and January 31 next year.

Hon. members are only too well aware of the costs to this country of allowing people to remain unemployed, particularly for extended periods. These costs include substantial welfare payments. They also include far more important costs in terms of production forgone in our economy and in terms of misery and frustration for the individual concerned.

The proposal I have just advanced to deal with prolonged hard core unemployment is a novel one, and it is not without difficulties and risks. It will require careful administration, and adequate safeguards against its abuse will be provided. It is directed specifically to assist that group of men and women in our society most in need of a chance to earn a living for themselves and their families. These people deserve their chance.

While our major domestic problem in Canada today is unemployment, we must not overlook the problems which accompany it. The most serious of these is the continuing deficit in our current balance of international payments. The budgetary deficits of the federal government are also a matter of concern.

In dealing with our balance of payments, let me summarize first our current international transactions for the past ten years.

During that period our imports of goods, including both capital goods and consumer goods, were $2 billion more than our exports of goods in the period. In the case of travel we spent $1.4 billion more abroad than visitors spent here. Steeply rising capital imports in the form of foreign direct and indirect investment led to interest and dividend payments abroad that were $4.2 billion greater than our receipts of this type. Other transactions further increased our deficit by $2.5 billion.

The result in the aggregate was that our sales of goods and services abroad and our foreign investment income were $10 billion less than our purchases and payments.

The implications of this deficit have been a matter of grave concern in Canada. They have been extensively discussed in the press, by economists, by businessmen and by the general public. There is a clearly recognized danger that if deficits continue at this rate, they will lead to a growing measure of control of our economy passing abroad. There is a danger that in allowing these deficits to continue we are sacrificing our birthright, the birthright which our forefathers laboured so hard to hand on to us.

An analysis of the problem shows clearly that if we are to overcome it we must centre

our attention on our merchandise trade. Historically we have had a continuous and substantial deficit balance in our trade with the United States, both in merchandise and in invisible items. This has been to a greater or less extent offset by a surplus in our trade with the rest of the world. In the past two years we have had small over-all trade surpluses.

Some hon. Members: Hear, hear.

Mr. Gordon: I am not quite clear why hon. gentlemen opposite are so pleased about this; we should have had far greater trade surpluses.

Some hon. Members: Hear, hear.

Mr. Gordon: Over-all trade surpluses must not only continue; they must be increased substantially by increasing exports and efficiently replacing imports. Such an increase will not only help to solve our balance of payments problem but will also help to solve the unemployment problem that goes with it.

We must now consider the growing series of budgetary deficits of the federal government. In nine of the 11 immediate post-war years there were annual budget surpluses, and the net debt of the federal government was reduced by $2.4 billion. In more recent years, however, under conditions of slowed economic growth and high unemployment, our revenues have been insufficient to meet expenditures. In the past six years there have been large deficits and our net debt has increased by $2.9 billion, almost $3 billion.

I do not propose, Mr. Speaker, to enter into a detailed discussion of the pros and cons of deficit financing. Government deficits can be justified in periods of depression or recession when the resources of the nation are underemployed, provided the expenditures and revenues are so designed as to stimulate the economy and provide more jobs. Unfortunately the budgetary deficits of recent years were not planned in this way. Because of this, and because it seemed as if the government of that day was unable to cope with our financial and economic problems, confidence in the Canadian economy was damaged both at home and abroad.

There has been a resurgence of confidence since the election.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Grafftey: He said it with a straight face too.

Mr. Gordon: But if this is to be justified and maintained it is important that we begin to put our national house in order: that we begin to move toward balancing our federal budget under conditions of high employment. We must take the first step in this direction now.

I have discussed in frank terms, Mr. Speaker, our unemployment problem, the problem of the deficits in our balance of international payments, and the problem of our federal budgetary deficits.

In seeking solutions to these problems our salvation does not lie in isolationism; it does not lie in withdrawing unto ourselves and ignoring the currents of progress and change around us. Let us remember that we are a great trading nation dependant on our relationships with our friends throughout the world. We must not at the first storm signals of economic danger simply throw up a ramshackle tariff against imported goods and imported ideas and imported obligations and seek to bury our heads in the sand. That way lies stagnation.

The way of the future, the way of prosperity, the way of national pride, involves the fullest participation in the world around us in an economic sense as in every other sense. It involves expanding our trade in conjunction with our friends. It does not involve isolating ourselves from the trend toward international co-operation and freer interchange of goods and services. Rather it involves participating to the fullest in these new movements and moulding them to our best advantage.

These are the views, the broad economic philosophy if you will, of this Liberal government. It is our purpose to see these views are translated into action.

I shall have something to say in a few minutes about efficiency and economy in government.

An hon. Member: We have not had any yet.

Mr. Gordon: Be patient. But the need for increasing efficiency and productivity is equally great in the private sector. To increase our employment and decrease our dependence on foreign capital we must compete successfully for markets, both at home and abroad. If markets are to be retained and captured, both business and government and labour must know where we are heading, not merely from month to month or from year to year, but over the years ahead. For this reason the proposed economic council of Canada will be of benefit not only to Canadian governments but also to Canadian labour and to Canadian business.

Following the review of our major problems which I have just concluded, I should like to state briefly what the policy of the government will be in a number of important fields. I shall begin with a word regarding monetary policy.

This government favours the kind of credit conditions which will encourage economic expansion. In saying this I am aware, of course, that our balance of payments situation must at all times be kept in mind. The governor of the Bank of Canada has made it clear in his public statements that he shares these views. Close and continuous consultation has been going on between the governor and myself since I became Minister of Finance. I am looking forward to a continuance of this consultation in the future.

I wish to say a further word about the relationship between the government and the Bank of Canada. In the last analysis it is the government that must take responsibility for monetary policy, as for all aspects on economic policy. There can be no misunderstanding on this score. At the same time the government recognizes that this does not relieve the bank of its own responsibilities in these matters.

I am in substantial accord with the views expressed on this subject by the present governor of the bank shortly after his appointment to that post. The royal commission on banking and finance will no doubt be considering whether the Bank of Canada Act should be amended to clarify these matters. The government will give careful consideration to any recommendations it may make. But for my part, I do not think any statutory arrangement will work satisfactorily unless there is close and continuous consultation between the government and the bank. I have already made it clear that such conditions exist at the present time.

Just over a year ago the government of the day decided on a fixed exchange rate for the Canadian dollar. I shall not discuss the causes of the exchange crisis which led to this decision, or rather I should say I shall not discuss them tonight. I do want to make it clear, however, that this government intends to maintain the fixed exchange rate at its present level.

I should now like to say a few words about federal-provincial fiscal relations. This is not a subject to be treated in detail at this time, since the Prime Minister has indicated the government's intention to propose a conference with the provinces in order that there may be a full review of it.

The summary of our financial position which I shall give shortly will make clear that the federal government is no less pressed for sources of revenue than are the provincial governments. This government assumes no rigid position on the sharing of joint tax fields. It is clear from the record of the past that readjustments of revenues and responsibilities are possible. But naturally no federal government can ignore the problems of federal finance in seeking to lighten the burdens upon provincial treasuries.

There is a further consideration that has a bearing on this subject. The federal government has a special responsibility in the matter of ensuring adequate production and employment throughout our country. Fiscal policy is an important means of achieving this objective. Most people will agree, I am sure, that if the federal government were to give up a major part of its present revenue sources, even in exchange for compensating expenditure adjustments, its ability to exert an influence through fiscal policy over the level of economic activity in Canada would be weakened.

However, despite the inherent difficulties in federal-provincial fiscal relations I believe the present arrangements can be improved upon, but always within the letter and spirit of our constitution. We shall endeavour to bring about such improvement.

I should now like to discuss the question of non-resident ownership and control of Canadian industry. The latest figures prepared by the dominion bureau of statistics show that in 1959, 57 per cent of our manufacturing industry, 75 per cent of our petroleum and natural gas industry and 61 per cent of other mining and smelting in this country were controlled by non-residents. Anyone familiar with the financial pages of our newspapers can hardly be unaware of the extent to which these figures have undoubtedly increased since that date, that is, since 1959. The Canadian Oil, Atlas Steel, Royalite and Bailey Selburn takeovers in the last 12 months alone will have had a significant effect.

Canada derives material advantages from the associations of our industry abroad. Foreign direct investment in Canada has enabled us to achieve a relatively high standard of living much more quickly than we could otherwise have done. We must never forget this. But we must recognize that the extent of non-resident ownership and control which it has produced in Canada goes far beyond anything found in other countries is a comparable stage of industrial maturity.

In view of this situation we are entitled to take pride in the harmonious relations which have been maintained with the holders of foreign capital in Canada. These relations are based on fair treatment of those who have invested their capital here in good faith. These people must, and they will, continue to be treated fairly.

We shall continue to need substantial net inflows of foreign capital for quite a few years to come if we are to avoid further

exchange rate difficulties and if a reasonable increase in our standard of living is to be achieved. This is a fact of life in Canada. It would be the height of folly to ignore it. Having said that, I should add that nevertheless there has been considerable public discussion of, and public concern about, the increasing extent of foreign control of Canadian industry. Writing about Canadian-American relations in the Washington *Post* of May 16 this year, Walter Lippmann had this to say:

> I have an impression from talking to certain Americans with interests in Canada that they are beginning to realize how undesirable and potentially dangerous is the excessive United States control of Canadian industry. I hope nobody will fly off the handle at that remark. But the fact that more than half the capital of Canadian industry is controlled in the United States is a perpetual irritant.
>
> The solution of the problem is not one for legislation or treaty but for voluntary action by the United States interests in co-operation with their Canadian associates. Canada is the kind of country in which this kind of problem can be handled unexcitedly in a spirit of mutually enlightened self-interest.

In these circumstances it may be useful for me to outline the views of this government as to how harmonious relations with foreign investors here can best be preserved.

We believe that industry in Canada, wherever it is controlled, should operate with due regard to the over-all interest of Canadians and the Canadian economy. This means that Canadian raw materials should be processed to the greatest possible extent in Canada, in order to provide employment to Canadians and contribute to prosperity in this country. It means that export markets should be sought actively wherever they may be found, and should not be limited out of regard for the interests of parent or associated companies abroad. It means that industry here should make a conscious effort to purchase its raw materials, components and supplies from Canadian sources whenever these sources are competitive.

It means that industry should employ Canadian service firms wherever possible. I am thinking of Canadian engineers, architects and other professional people, Canadian insurance and advertising firms, and Canadian consultants of all types.

It means that industry should exert itself to expand in Canada all the industrial functions which can efficiently be carried on here; and I am thinking particularly of increased basic industrial research and design. It means that industry should seek to provide the fullest opportunity for Canadian employees at all levels, including managerial, scientific and technical personnel.

Above all, I am convinced that a growing partnership between Canadians and investors abroad is the best way of strengthening the harmonious relations with foreign capital which it is our object to preserve. Foreign investors can further the growth of this partnership by selling minority interests in their enterprises to Canadians; and by electing a number of independent Canadian directors to represent these interests.

I suggest that a 25 per cent equity interest is in most cases appropriate to ensure that a Canadian point of view is always available when company policy decisions are arrived at. A smaller percentage would probably not be sufficient for this purpose. A larger percentage would be neither necessary nor in many cases practicable. In fact even a 25 per cent interest in most new or existing enterprises is not something that could be realized overnight. It is an objective to be worked toward over a period of years, although I hope this period can be a relatively short one.

And now we come to the heart of the budget, which I suspect some hon. gentlemen may not like quite so well. The heart of the budget is the condition of our expenditures and revenues. We shall first review the balance for the year just closed. Then we shall look at the outlook for the current year, with some regard to the following year, on the basis of the present tax structure and tax rates.

First, then, there is the balance for the fiscal year that ended last March 31. I shall only indicate the main items; detailed figures, still preliminary and subject to change, are to be found in the budget papers.

My predecessor, in his revised budget appraisal delivered last October, forecast a deficit of $570 million. This forecast was optimistic. Revenues turned out to be $54 million lower than estimated, and expenditures $85 million higher. It now appears that the actual deficit for last year was $709 million, which together with the deficit of $43 million in the old age security fund makes a grand total of $752 million.

I should point out that this large deficit was incurred after taking credit for some $75 million of non-recurring revenue from tariff surcharges, the legality of which has been challenged. I shall have more to say about this later.

There are a number of other items that should be mentioned in any recapitulation of the financial situation inherited by the new government. These include the condition of the old age security fund and the unemployment insurance fund, the railway subsidies, and the deficiencies in the superannuation accounts.

The old age security fund, which was solvent on April 1, 1962, incurred a deficit of $43 million during the last fiscal year and was forced to borrow from the consolidated

revenue fund. On the basis of the present outlook and tax structure the old age security fund would incur a further deficit of $25 million this year, and would have to borrow this additional amount.

The unemployment insurance fund contained over $900 million in 1956. When this government took office last April the fund was bankrupt and in debt to the consolidated revenue fund.

To avert a freight rate increase or a railway strike resulting from a 1958 wage award, the previous government began the payment of special railway subsidies. The initial series of payments has continued since, and we have been forced to provide $20 million for this purpose in the present fiscal year.

In light of the continuing confusion in railway matters, the previous government appointed a royal commission on transportation in 1959. The reports of the commission were tabled in this house in April 1961 and January 1962, but no action was taken. Instead, a further $50 million annually has since been provided as an "interim" measure to forestall a new change in freight rates.

The failure of the previous government to deal effectively with the railway question thus means that we are faced with special railway subsidies this year aggregating $70 million.

The previous government throughout its six years in office failed to provide for any amortization of the mounting actuarial deficiency in the superannuation accounts. As of March 31, 1957 the unamortized deficiency in these accounts had been reduced to $139 million. In his 1957 budget speech the then minister of finance, Mr. Harris, undertook to reduce the deficiency still further, to $89 million. His successor refused to do this or to take any subsequent amortization action. Consequently, and as a result of pay increases in the interim, the deficiency in the superannuation accounts has now mounted to $880 million.

Other matters could also be mentioned. There is the shipbuilding subsidy, which was reduced, effective last April 1, in such a way as to lead to a sudden irrational surge of expenditure and activity in that industry which is unlikely to be sustained. This surge of activity places a substantial burden on this year's budget without producing any continuing benefit. And then there is the Dawson city festival fiasco mentioned by my colleague the minister of northern affairs the other day. The previous government made no provision to meet its guarantees to the Dawson city festival foundation. The baby was left on the doorstep of the new administration.

The problems posed by the condition of the old age fund and the unemployment insurance fund, by the railway subsidies and the deficiencies in the superannuation accounts, can no longer be neglected. This government intends to deal with these matters and with any other skeletons that may still remain to be uncovered in our national financial closet. Nothing will be gained by delay or by trying to sweep these problems under some convenient rug. They must be faced up to and disposed of.

An hon. Member: Another book.

Mr. Gordon: No, not another book. Unfortunately it is the Canadian taxpayer who will have to bear the cost of six years of mismanagement of our affairs.

I should now like to discuss the revenue and expenditure estimates for the current fiscal year. We have built our present estimates of revenues on the assumption that our gross national product will be about 5 per cent greater in 1963 than it was in the previous year. For this purpose we have assumed a normal crop, a relatively stable price level from now on, and no external trouble. About one third of this 5 per cent represents price increases which have already taken place mainly as a result of last year's exchange devaluation and import surcharges. On this basis, and if there were no change in the tax structure, our revenues would amount to about $6,880 million including $730 million into the old age security fund. I should like, with consent, to insert a table in *Hansard* at this point showing our estimated revenues before tax changes and comparing them with revenues in 1962-63.

As there are one or two other tables to be presented, perhaps the house would give consent for leave to table them at the same time.

Mr. Speaker: Does the house give consent?

Some hon. Members: Agreed.

Budgetary and Old Age Security Fund Revenues
(millions)

	1962-63 October Forecast	1962-63 Preliminary	1963-64 Forecast before tax changes
Personal income tax	$1,750	$1,745	$1,875[1]
Corporation income tax	1,180	1,183	1,300
Non-resident withholding tax	125	129	135
Estate tax	90	87	85
Customs duties	680	645	585[2]
Sales tax	825	806	840
Other duties and taxes	640	642	675
Total taxes	5,290	5,237	5,495

Non-tax revenues	640	639	655
Budgetary revenues	5,930	5,876	6,150
Old age security fund revenues	670	691	730
Total revenues	$6,600	$6,567	$6,880

Footnotes:

(1) After abatements already enacted for provincial personal income tax collections of about $45 million in excess of the previous year.

(2) The lower forecast of customs revenues is due to the cessation of the import surcharges which were imposed in June 1962.

Mr. Gordon: It is more difficult to estimate the budgetary expenditures for this year than to estimate the revenues.

The main and supplementary estimates for 1963-64 tabled on May 29, plus the estimated disbursements of the old age security fund, total $7,300 million.

I indicated when I tabled these estimates that we have been forced to bring forward for this budget the expenditure estimates prepared by the previous government. We are not satisfied that these estimates reflect the most efficient and economical way in which our national affairs can be run. A thorough reappraisal of government expenditures has been initiated, in the course of which all existing spending programs will be reviewed, and some will be reduced or eliminated. While the initial results of this reappraisal will be apparent in the next budget, its full effect will take some time to make itself felt.

The government is also pressing forward with a review of the recommendations made by the Glassco commission. Those recommendations that may be expected to result in greater efficiency in the public service or in useful reductions in expenditure will be implemented as quickly as possible.

As in other years, there will be some further supplementary estimates before the end of the fiscal year. They will include among others the new programs this government will be introducing, programs that will add $70 million to government requirements this year and will add considerably more next year when they are in full operation. The cost of several of these programs should fall again a year or two later when they have run their course.

Hon. members will appreciate that there are too many imponderables involved for me to make an exact estimate of what the total expenditure for this year may amount to. Subject to these cautionary remarks and qualifications I am prepared to set the total figure at about $7,600 million, including $755 million for the old age security fund.

On the basis of the revenue estimates mentioned a few minutes ago this means, if there were no major tax changes, a deficit this year of some $720 million. The deficit next year might be even greater.

It would be irresponsible for us not to face up to this situation. As I said earlier, Canada is beginning to recover from the loss of confidence resulting from the financial and economic mismanagement of the previous administration.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Tell a big lie often enough.

Mr. Lambert: You are smiling now.

Mr. Gordon: No, I do not smile when I say that. I mean every word of it. And a restoration of confidence in ourselves and in our country, a restoration of confidence both at home and abroad, is a necessary prerequisite to business expansion and the creation of more jobs.

I would like to say to the hon. member opposite that confidence is not something one can count on or measure in any concrete way. It is a state of mind. It is psychological in character. And its recovery might well be shattered if we failed to take clear and positive steps toward some reduction in present budgetary deficits.

Hon. members will appreciate from the outline I have given of the problems that confront us and of the state of our finances that our opportunities for manoeuvre are severely limited. This means, Mr. Speaker, that we have no alternative but to look to our tax structure not only with a view to providing incentives for increased employment and industrial growth, but also in a search for additional sources of revenue.

An examination of the tax structure shows clearly that taxes are already very high, but that the revenue they produce continues to fall short of necessary expenditures. It shows also that, as all of us know, our tax system is outdated, is too complex and has a disturbing number of loopholes.

A thorough review of it, which I am sure will be most valuable, is being made by the royal commission on taxation. The commission had not planned to submit its report to the government until some time in 1965. I have discussed this with the chairman, and in view of the pressing nature of the problem he has promised to revise the commission's schedule and to submit its report by the end of 1964. However, we cannot wait even that long before beginning to make changes in our tax system. I shall propose some of

those changes tonight, and I hope to propose a good many others when the next budget is presented.

May I now proceed to summarize certain proposals which I shall put before the house tonight.

In order to encourage employment by reviving private capital expenditures, which have lagged so conspicuously for the past six years, I shall propose important new tax concessions. Effective on the date of enactment new manufacturing and processing enterprises located in designated areas of slower growth will be given an exemption from income taxes for three years from their inception. I shall also propose that such enterprises be entitled to write off new machinery and equipment which would otherwise fall in class 8 in as little as two years thereafter. And I shall propose that any taxpayer be entitled also to write off the cost of new buildings located in designated areas of slower growth at the rate of 20 per cent per annum straight line, or in as little as five years. If these proposals do not stimulate very marked activity in the Atlantic provinces and in other areas of slowed economic progress I do not know what will. These are major incentives to new industry locating in those areas.

I am also proposing that, effective tonight, manufacturing and processing enterprises anywhere in Canada be allowed to deduct depreciation for tax purposes on new assets which would otherwise fall within class 8 at the rate of 50 per cent per annum on a straight line basis. To encourage Canadian participation, this privilege will be restricted to Canadian residents and to companies having a minimum of 25 per cent beneficial Canadian ownership. It means in effect, Mr. Speaker, that manufacturing and processing enterprises anywhere in Canada having a fair minimum Canadian participation will be able to write off new machinery and equipment for tax purposes in as little as two years.

It is intended that the measures I have mentioned so far should provide an immediate impetus to increased activity. Accordingly, new assets must be purchased and new businesses must be certified to have come into existence in the period of 24 months following the initial date of these measures if they are to qualify.

The incentives I have just described will supersede and replace three other tax incentives which have been adopted in the past two and a half years. They are contained in section 40A of the Income Tax Act pertaining to increased sales, about which there was quite a debate in the house last fall, and in income tax regulations 1108 and 1109 concerning new products and re-equipment and modernization programs.

I shall propose that section 40A be repealed in so far as it applies to 1964 and subsequent taxation years. And the measures contained in the two regulations I have quoted, both of which expire by their terms within the next 12 months, will not be renewed.

I should now like to refer to further tax proposals of two types. One is designed to plug loopholes or otherwise improve the existing structure of taxes; the other is designed to eliminate certain anomalies.

First there are the measures designed to fill in gaps, plug loopholes and prevent avoidance of the intent of our tax law. There is a double purpose here. One is to increase our revenues and the other is to reduce the justifiable sense of inequity and frustration of those taxpayers who are unable or unwilling to engage in prolonged and often expensive efforts at tax avoidance.

We are particularly concerned about the way in which certain taxpayers seem to be able to eat, drink and entertain on a lavish scale on the basis of what is called a business expense but which is actually financed in large part at the expense of the public revenue. The government is directing the Department of National Revenue to tighten up its administration of the law and to pursue a policy of vigorous enforcement. We intend to give continuing support to this objective. I am sure that hon. members will agree that any excesses of expense account living are unfair to those who do not indulge in such practices. They should be stopped.

I shall propose one specific change in the Income Tax Act relative to a general tightening up of its administration in regard to business expenses. Hitherto a few taxpayers have been able to buy expensive cars and then recoup a large part of the cost out of the public revenue. I shall propose a measure to disallow in full capital cost allowances in respect of a passenger automobile acquired after tonight at a cost in excess of $5,000. I expect that this measure will produce some increased demand for less expensive cars, most of which are made in Canada and whose manufacture provides jobs for Canadian workmen.

Another type of tax avoidance about which the government is particularly concerned is the proliferation of methods of moving undistributed income from a corporation into the hands of its shareholders without the payment of tax. This abuse, and it is an expensive abuse to the public treasury, has become increasingly prevalent in recent years. It is time something was done about it.

I shall therefore propose that, effective tonight, the Income Tax Act be amended to give the Minister of National Revenue power to look through so-called dividend stripping transactions and to deem shareholders to have received dividends in these cases.

To eliminate another method of tax avoidance I shall also propose that effective tonight section 18 of the Income Tax Act be repealed. This section, dealing with lease option arrangements, has given rise to repeated abuses by allowing rental agreements to be cast in a grossly distorted form in order to avoid tax. Action in connection with this section has been urged by the joint committee of the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

As a further measure to close loopholes, I shall propose an amendment to stop the device whereby a company that has experienced losses is purchased for the purpose of applying those losses against income from another business.

I shall also propose that the practice concerning certain annuity contracts which are converted into cash, or have settlement options other than an annuity for life, be changed and that all the interest earned on the funds invested in such contracts made after tonight shall be subject to tax.

I want to make it clear that this will not be retroactive.

Turning to the elimination of anomalies and anachronisms, the government is putting forward a number of proposals.

The excise duty on exports of electrical energy should have disappeared long ago. We propose that it be abolished at the end of this month.

The base of the sales tax on gasoline is to be altered. Wholesalers have almost entirely disappeared from this field; therefore the wholesale discount of some 25 per cent which has existed for tax purposes for many years is no longer appropriate. Its elimination will bring increased revenues of perhaps $25 million in a full year, of which $7 million will accrue to the old age security fund and the balance to general revenue.

It is also proposed that a change be made in the taxation of rebuilt or remanufactured goods. Recently there has been a considerable increase in the production of goods using old parts or materials, with or without new components. These goods compete with similar goods manufactured from new materials, and they should be equally subject to sales tax. On behalf of my colleague the Minister of National Revenue I am therefore giving notice that his department proposes to examine carefully the operations of persons engaged in such work, and, where necessary, it will license them as manufacturers under the Excise Tax Act.

I am also proposing that companies whose business is the transmission of oil or gas through pipe lines be allowed to deduct from their income the expenses they incur in exploring or drilling for oil, gas or minerals. This concession will be a useful incentive to increased exploration activity in this essential industry and should increase Canadian participation in an industry now principally owned abroad.

I shall now propose a number of changes in the Customs Tariff. There are some increases and some decreases but on balance they represent a reduction.

I shall make several proposals relating to textiles, the two more important of which give effect to the recommendations of the tariff board in its last three reports on this subject. These proposals will involve both increases and decreases in duties, and will lead to a modernized and simplified tariff schedule in this area. They will therefore be of assistance to Canadian textile producers.

The proposals I have just referred to also include certain compensatory concessions on products other than textiles which have arisen from renegotiations under the general agreement on tariffs and trade.

I shall propose further a miscellaneous group of other tariff changes providing for reductions in rates or representing merely technical alterations. I shall also propose that the level of customs exemptions given to returning Canadian tourists which was introduced on an emergency basis last June be continued by statute.

Before leaving the tariff field, I have a further word to say about the surcharges imposed last June. As I stated in the house on May 21, the legality of the surcharge on imports order has been challenged, and the matter is before the courts. This poses a difficult problem. In many cases those who paid the surcharges, and who might now be entitled to claim refunds should the order be found to have been invalid, passed the amount of the surcharges on to their customers. These customers in turn may have passed the amount on to their customers, and so on. As I said in my statement, it would not be possible to unscramble a situation of this kind. Accordingly I shall propose legislation on the surcharge order whose principal effect will be to prevent any massive attempt at obtaining refund of moneys in fact paid by people who are not now identifiable.

I should now like to propose a number of measures connected with foreign investment in Canada.

I referred earlier this evening to the need for a continuing inflow of foreign capital. To facilitate the sale of Canadian bonds and debentures to certain investors abroad, I shall propose that the Minister of National Revenue be given power to issue to any non-resident bank, company or trust which is free of income tax in its country of residence, a certificate of exemption from withholding tax on interest payable on Canadian bonds and debentures issued after tonight.

With a view to promoting a growing partnership between Canadians and non-resident investors in Canadian corporations, I am proposing some amendments in our withholding taxes on dividends paid abroad. These amendments will not become fully effective for a period of three and a half years. This will give ample time for us to revise a number of our tax treaties with other countries, some of which revisions are overdue. It will also give ample opportunity for those concerned to assess the situation and to make decisions in their own time and under no form of pressure to act quickly.

As hon. members will recall, our withholding taxes have, since 1960, stood at 15 per cent on dividends paid to all non-residents except in so far as modified by tax treaties. Prior to 1960 the rate of the withholding taxes on dividends depended on the degree of foreign ownership of the companies in question.

I am proposing two changes, one upward and the other downward, in the withholding taxes on dividends paid to non-residents. Effective from tonight a new and reduced rate of 10 per cent will apply when the paying company is beneficially owned by Canadian residents to the extent of 25 per cent or more. Effective from January 1, 1965, an increased rate of 20 per cent will apply to dividends paid by other companies including those which are the wholly owned subsidiaries of foreign parents.

If before January 1967 a company is able to bring its percentage of Canadian ownership from below 25 per cent to above 25 per cent, certain refunds of the non-resident withholding tax will be made. Any non-resident who can show that he has borne the tax will receive a refund, without interest, to the extent of the difference between the 15 or 20 per cent rates and the 10 per cent rate.

In order to avoid advantage being taken of this advance notice, a tax of 5 per cent—the difference between the present 15 per cent and the proposed 20 per cent rate—will be levied on the amount of any increase in dividends paid after tonight and prior to January 1, 1965, by companies with less than a 25 per cent Canadian participation. This will be a special tax payable by the company and not by the recipient of the dividend. It is proposed, as of tonight, to extend the 15 per cent withholding tax to management fees paid to non-residents.

As I indicated earlier, it is the policy of this government to encourage direct foreign investment in new enterprises in this country on the basis of partnership with Canadian residents. While this type of investment is of great value to Canada, it is our view that non-resident takeovers of established Canadian companies rarely confer any benefit on the Canadian economy. We shall therefore propose a measure of taxation of certain sales which might contribute to such takeovers. We shall propose that effective tonight a 30 per cent tax be levied on certain sales by Canadian residents to non-residents and non-resident controlled companies, of shares in Canadian companies listed on Canadian stock exchanges. There is to be no liability for the tax when such sales are made on the floor of a Canadian exchange in the normal trading manner and do not form part of sales exceeding $50,000 per day by any single seller. Effective tonight also, we are proposing a similar 30 per cent sales tax on the sale by a listed Canadian corporation of the whole or substantially the whole of its property to a non-resident or a non-resident controlled company.

It will be noted that this measure applies only to the shares of listed public companies. Measures are under consideration, and may be discussed with the provinces at an appropriate time, which will apply to all Canadian companies including private companies. I trust that no flood of sales of established Canadian concerns to non-residents will develop in an attempt to anticipate the further measures to which I have referred, in light of the declared view of the government that such sales are generally undesirable.

The major tax proposals which, on behalf of the government, I shall now put before the house are based on a number of guiding principles. To begin with, they must provide revenue sufficient to allow an important step toward budgetary balance. And since the increased outlays under certain new programs will be tapered off or stopped in two or three years time, provision can also be made for some revenue of a non-recurring nature.

To obtain the additional revenue that is required, there are good reasons for using the manufacturers sales tax rather than increased income taxes. While it would not be correct to describe any tax as being popular anywhere, it is the case that indirect taxes such as the sales tax are now regarded with more favour in quite a number of countries than in the past. In this connection, I would just

like to say to hon. members that I made a very careful examination of the income tax schedules. I did not think that it would be appropriate, in view of the increases that have occurred in the cost of living in the last few years, to increase the income taxes in the lower brackets, but if an increase were made in all the taxable rates brackets over $4,000 of even 10 per cent, the amount would not produce a sufficient revenue for the purposes under consideration. Apart from that I was impressed by the arguments that lend themselves to this approach rather than to increase further income tax rates.

The manufacturers sales tax is not imposed on exports, and it is levied on imported goods as well as on those made here. It therefore does not have the same adverse effect on our international trade position that some other taxes do. There is, however, widespread dissatisfaction about the inequity of a situation in which many areas of industry are subject to this tax while others are exempt.

Accordingly we are asking the house to make certain changes in the tax. These changes will not alter the rate of tax and will leave untouched the exemptions covering staple food products. It is by virtue of these continuing exemptions that the tax is prevented from imposing an unfair burden on lower income groups.

We are, however, asking the house to withdraw, effective tonight, the exemptions for building materials and also for production machinery and equipment other than that employed in fishing and agriculture. This measure will produce increased revenues of some $170 million in this fiscal year and some $360 million in 1964-65. These amounts include increases in the income of the old age security fund of some $45 million this year and $100 million next year. The old age security fund is now considerably in debt to the consolidated revenue fund and would otherwise be faced with continuing deficits in years to come.

The government is anxious to ensure that the withdrawal of the sales tax exemption on building materials will not work hardship on those who purchase houses under the provisions of the National Housing Act. Accordingly my colleague the Minister of National Revenue (Mr. Garland), has authorized me to announce that he will propose to the house that the National Housing Act be amended in such a way as to reduce the down payment required in connection with mortgage loans made under it. N.H.A. loans will be extended so as to cover 95 per cent of the first $13,000 instead of the first $12,000 of the value of a house, and the maximum loan amount will be raised from $14,900 to $15,600. Further, the N.H.A. lending rate will be reduced immediately from 6½ per cent to 6¼ per cent, a move that is, I am glad to say, in line with recent movements in other rates of interest.

I have mentioned tonight four measures affecting low priced housing. They include the removal of the sales tax exemption on building products, the reduction in N.H.A. down payments, the lowering of the mortgage rate, and the program to encourage house building in the winter months. The result of all of these measures will be that the down payment in connection with low priced housing will fall significantly while the monthly payments required to carry a purchase will rise only slightly. The over-all effect will be to provide encouragement to house construction and to house ownership.

The government has considered the possible effects of the removal of sales tax exemptions on firms working under fixed price contracts. Fixed price contracts are common in the construction industry, and the amounts involved are frequently substantial. Relief will be provided in cases where a manufacturer or contractor is prevented by a contract from including the new tax in his selling price.

The source of revenue which we shall seek on a non-recurring basis relates to the income tax on corporations. It is desirable that corporations should pay their income tax as their income is earned to a greater extent than they do at present.

Individuals are required to pay their income tax on a current basis through deductions by their employers or by payment of quarterly instalments starting in March. Moreover they are required to file final tax returns and make final payments within four months of the end of each year.

Corporate taxpayers, on the other hand, do not start payment until the seventh month of their fiscal year and do not have to file their return until six months after their fiscal year is ended. There is no need for this disparity. It is therefore proposed that corporations be required to move their tax payment period forward two months. This means that the final filing time for corporate tax returns will be the same as for individuals. This change will take place over two years and special rules will apply for the transitional period.

This measure will provide some $220 million in non-recurring revenue, of which about $20 million will go to the old age security fund. This will be received in the fiscal years 1964-65 and 1965-66. It will have the continuing advantage that revenue from the corporation income tax, which will now be

payable sooner after earnings are realized, will reflect changes in economic conditions more promptly in the future.

I should like to insert at this point a table summarizing the revenue changes I have proposed. Estimates are given of the net increase expected for the remaining portion of this fiscal year, and for the full fiscal year following it. These estimates show a net revenue increase of $155 million this year and $455 million in 1964-65.

Estimated Changes in Budgetary and Old Age Security Tax Revenues that would result from the proposed tax changes
(millions)

	1963-64 fiscal year	1964-65 fiscal year
Increases:		
Acceleration of corporate tax payments	$ —	$165
Changes in withholding tax rates (net)	—	5
Sales tax changes	185	385
	185	555
Decreases:		
Incentives for manufacturing and processing	30	100
Net Increase in Revenues:	$155	$455

I should also like to insert a table summarizing the revised revenues, expenditures and deficit for the current fiscal year after giving effect to all of my proposals.

It will be noted from the table that the revised deficit figure, which includes both budgetary and old age security fund figures, stands at $565 million compared with $752 million last year, a reduction of nearly $200 million. I am sure that hon. members will agree that this is a substantial move in the right direction. To do more this year would not be wise having regard to the present state of the economy. To do less would be irresponsible.

Estimated Surplus (Deficit) in Budgetary Accounts and Old Age Security Fund 1963-64 fiscal year
(millions)

	Before Tax Changes	Tax Increases	Revised Estimates
Budgetary Accounts:			
Expenditures	$6,845		$6,845
Revenues	6,150	$110	6,260
Estimated (deficit)	(695)		(585)
Old Age Security Fund:			
Expenditures	755		755
Revenues	730	45	775
Estimated surplus (deficit)	(25)		20
Total estimated (deficit)	$(720)		$(565)

[Mr. Gordon.]

Over and above the deficit of $565 million to which I have just referred, there are other cash requirements which must be provided for. These include cash outlays by way of loans, investments or advances to Central Mortgage and Housing Corporation to the Farm Credit Corporation, to the Export Credits Insurance Corporation, to the Canadian National Railways and Trans-Canada Air Lines for capital purposes, to the unemployment insurance fund and in connection with the proposed municipal development and loan board.

They also include cash advances to date to the exchange fund, slightly in excess of $100 million, but do not include any estimate of future changes in the exchange fund which are unpredictable.

There will, of course, be non-budgetary receipts offsetting in part the non-budgetary cash outlays. This year these receipts include one very large non-recurrent item of $109 million from the sale of its assets by Northern Ontario Pipeline Crown Corporation. Taking these receipts into account, our net non-budgetary cash requirements for the current fiscal year are likely to amount to about $285 million. Our net cash requirements for 1963-64, both budgetary and non-budgetary, are thus estimated to be about $850 million.

Throughout this budget address, Mr. Speaker, I have referred repeatedly to unemployment as being the most serious domestic problem before us. Before I conclude I should like to mention again some of the measures which are designed to deal with this problem.

The most effective long term method of dealing with unemployment is to expand industry and industrial production in Canada. I have referred to the proposed department of industry with its associated area development agency. I have referred to the work this department will do in seeing that more goods are produced in Canada.

I have referred to the strengthening of the Atlantic development board and to the proposed municipal development and loan board. I have referred to a series of measures to encourage industrial expansion and growth by the provision of very substantial tax incentives. I have referred to the expansion of the municipal winter works program. I have referred to measures to stimulate employment in the building industry through reducing the down payment on N.H.A. housing and encouraging the construction of houses in the winter months. I have referred to the expansion of the program of vocational training, and to a new program for training those whose jobs are threatened by industrial change. And I have referred to a new plan

to encourage the employment and training of those over 45 who have not had jobs for some time.

I have no doubt that this manifold attack on the unemployment problem will be effective. As I said before, our economy is expanding and this expansion should continue into next year. The prospects look good for a substantial increase in business investment. This is due in part, as I have said, to an increase in confidence as a result of the election and to the prospect of decisive and far sighted government in Canada once again.

In conclusion may I say that I have not tried to minimize or conceal the various problems we are faced with. But in discussing them, I have been conscious of the strength of our country and of its great potential for the future. I have discussed our problems knowing that if we are to surmount them we must face them, and face them with boldness and resolution.

Our financial program has not been conceived in complacency. In bringing forward our financial proposals we have looked squarely at the realities before us. We have presented a fiscally responsible program designed to reduce unemployment and regain prosperity.

In the recent election campaign my colleagues and I undertook to give the public the facts. We said, and the Prime Minister in particular said repeatedly, that when we were faced with difficult and unpleasant decisions we would not be afraid to make them. Some of those decisions have been announced tonight. They have been made in confidence that the members of this house will support them. They have been made in confidence that the people of Canada will support them. And they have been made in confidence that all of us together, by facing the future with resolution and courage, can restore prosperity and security to ourselves, our children and our country.

I shall now table, Mr. Speaker, all the budget resolutions to which I have referred together with certain other proposals not mentioned specifically in this speech.

RESOLUTIONS

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That with respect to new depreciable property of a prescribed class acquired in the period of 24 months commencing June 14, 1963 capital cost allowances be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum if the property has been acquired by a taxpayer in a taxation year for a manufacturing or processing business in Canada and the said taxpayer is

(a) an individual who was resident in Canada during a period of not less than 183 days in the year, or

(b) a corporation that on the last day of the year was a corporation with a degree of Canadian ownership and control

and for the purposes of this paragraph;

(c) a corporation has a degree of Canadian ownership and control at a particular time if the corporation throughout the 60 day period immediately preceding that time complied with the following conditions:

(i) the corporation was resident in Canada,

(ii) not less than 25 per cent of its voting shares were beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof, and

(iii) unless at least 51 per cent of its voting shares were beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof, the number of directors of the corporation who were resident in Canada and not employed by the corporation otherwise than as directors, was not less than that proportion of the total number of directors on the board of the corporation that the aggregate number of voting shares of the corporation beneficially owned by individuals resident in Canada and corporations controlled in Canada is of the aggregate number of outstanding voting shares of the corporation; and

(d) a corporation is controlled in Canada at a particular time if at that time it complies with the following conditions:

(i) the corporation is resident in Canada, and

(ii) not less than 51 per cent of its voting shares are beneficially owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof.

2. That a taxpayer whose business in a prescribed area of Canada has been certified to be a new manufacturing or processing business that commenced commercial operations in the period of 24 months commencing with the date on which any enactment based on this paragraph is assented to be exempt from tax on the income from that business for a period of 36 months from the date certified to be the date of commencement of operations, and that the rate of capital cost allowances for new depreciable property of a prescribed class acquired by the said taxpayer in the said 24 months period for such business

be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum.

3. That with effect for 1964 and subsequent taxation years section 40A of the act, which provides for a deduction from the tax otherwise payable by a manufacturing and processing corporation, be repealed.

4. That with respect to expenses incurred after April 10, 1962 a corporation whose principal business is operating a pipeline for the transmission of oil or natural gas be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring for petroleum or natural gas in Canada and the prospecting, exploration and development expenses incurred by it in searching for minerals in Canada.

5. That for the 1963 and subsequent taxation years a dividend received by a person resident in Canada from a corporation that throughout its taxation year in which the dividend is paid or credited

(a) is taxable as a non-resident corporation carrying on business in Canada,

(b) derives substantially all of its income from sources in Canada, and

(c) has its shares listed on a recognized stock exchange in Canada

be deemed to be a dividend from sources in Canada paid or credited by a taxable corporation within the meaning of section 38 of the act.

6. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be reduced to 10 per cent with respect to dividends paid or credited after June 13, 1963 by a corporation that at the time the dividend is paid or credited has a degree of Canadian ownership or control within the meaning of paragraph 1.

7. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be increased to 20 per cent with respect to dividends paid or credited after December 31, 1964 by a corporation that at the time the dividend is paid or credited does not have a degree of Canadian ownership or control within the meaning of paragraph 1.

8. That where a corporation resident in Canada that on June 13, 1963 was not a corporation that had a degree of Canadian ownership and control, within the meaning of paragraph 1, becomes a corporation that throughout a subsequent taxation year ending before January 1, 1967 has such a degree of Canadian ownership and control, a non-resident person shall be entitled to a refund equal to

[Mr. Gordon.]

(a) 5 per cent of any dividends paid or credited by the corporation to him after June 13, 1963 and before January 1, 1965, in respect of which he has paid a tax of 15 per cent to Canada, and

(b) 10 per cent of any dividends paid or credited by the corporation to him after December 31, 1964 and before January 1, 1967, in respect of which he has paid a tax of 20 per cent to Canada.

9. That where a corporation (other than a non-resident-owned investment corporation)

(a) during the period commencing on June 14, 1963 and ending on December 31, 1964 did not have a degree of Canadian ownership and control within the meaning of paragraph 1; and

(b) in the period commencing on June 14, 1963 and ending on December 31, 1964 paid or credited dividends in an amount in excess of the amount of dividends paid or credited by the corporation in the period of 567 days that ended on June 13, 1963, the corporation shall, on or before January 31, 1965, pay a special tax equal to 5 per cent of the amount of the excess described in subparagraph (b).

10. That with respect to income earned after December 31, 1964 the 15 per cent tax imposed by Part IIIA of the act on a non-resident corporation carrying on business in Canada be 20 per cent.

11. That with respect to income of a non-resident-owned investment corporation earned after December 31, 1964 the present 15 per cent rate of tax be 20 per cent.

12. That any amount paid or credited after June 13, 1963, by a person resident in Canada to a non-resident person, as or on account of a management or administration fee or charge, be subject to the 15 per cent tax on income from Canada of non-resident persons.

13. That with respect to interest paid by a person resident in Canada to a non-resident person on any obligation issued after June 13, 1963, if the non-resident person

(a) is exempt from income tax in the country in which that person is resident; and

(b) has obtained a certificate of exemption from the minister,

the non-resident person be exempt from the 15 per cent rate of tax imposed in respect of such payment.

14. That for the taxation years ending after November, 1965 a corporation shall during the 12 months period ending four months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the first 10 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(b) on or before the last day of the eleventh month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(c) on or before the last day of the period, the remainder of the tax

and that for the taxation years ending after November, 1963 and before December, 1964 a corporation shall, during the 11 months period ending 5 months after the close of its taxation year, pay to the Receiver General of Canada

(d) on or before the last day of each of the first nine months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(e) on or before the last day of the tenth month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(f) on or before the last day of the period, the remainder of the tax,

and that for taxation years ending after November, 1964 and before December, 1965 a corporation shall, during the 11 months period ending four months after the close of its taxation year, pay to the Receiver General of Canada

(g) on or before the last day of each of the first nine months in that period, an amount equal to one eleventh of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(h) on or before the last day of the tenth month in the period, an amount equal to one half of the remainder of the tax payable as estimated by it on its taxable income for the year at the rate for the year, and

(i) on or before the last day of the period, the remainder of the tax.

15. That the return of income for a taxation year that is to be filed with the minister in prescribed form and containing prescribed information by or on behalf of a corporation be filed

(a) for taxation years ending after November, 1963 and before December, 1964 within five months from the end of the year, and

(b) for taxation years ending after November, 1964 within four months from the end of the year.

16. That with respect to amounts received after June 13, 1963, where a taxpayer has received an amount in a taxation year,

(a) as consideration for the sale or other disposition of any shares of a corporation or of any interest in such shares,

(b) in consequence of a corporation having

(i) redeemed or acquired any of its shares or reduced its capital stock, or

(ii) converted any of its shares into shares of another class or into an obligation of the corporation, or

(c) otherwise, as a payment that would, but for this provision, be exempt income,

which amount, in the opinion of the minister, was received by the taxpayer as part of a transaction or series of transactions whenever effected or to be effected, one of the purposes of which was or is to effect a substantial reduction of, or disappearance of, the assets of a corporation in such a manner that the whole or any part of any tax that might otherwise have been or become payable under the Act in consequence of any distribution of income of a corporation has been or will be avoided, the amount so received by the taxpayer or such part thereof as may be specified by the minister shall, if the minister so directs,

(d) be included in computing the income of the taxpayer for that taxation year, and

(e) in the case of a taxpayer who is an individual, be deemed to have been received by him as a dividend from a taxable corporation within the meaning of section 38 of the act.

17. That for the 1963 and subsequent taxation years where, in the case of two or more corporations, the minister is satisfied

(a) that the separate existence of those corporations is not solely for the purpose of carrying out the business of those corporations in the most effective manner, and

(b) that one of the main reasons for such separate existence is to reduce the amount of taxes that would otherwise be payable under the act

the two or more corporations shall, if the minister so directs, be deemed to be associated with each other.

18. That for the 1963 and subsequent taxation years

(a) a business loss incurred in a previous year by a corporation may not be deducted in a taxation year if

(i) the business in which the loss was sustained by the corporation was not carried on by it in the taxation year, and

(ii) in the period between the end of the year in which the loss was sustained and the end of the taxation year control of the corporation has changed hands, and

(b) a business loss incurred by a corporation in a taxation year may not be deducted in computing the income of the corporation for that taxation year if the business in which the loss was sustained by the corporation was wound up or discontinued, and after such winding up or discontinuance control of the corporation passed to a person or persons who did not control the corporation in the year at any time when the business in which the loss was sustained was carried on;

but this paragraph is not applicable where the change of the control of the corporation occurred prior to June 14, 1963.

19. That for the 1963 and subsequent taxation years section 18 of the act, which provides rules in the case of any lease option agreement, hire purchase agreement or other contract or arrangement for the leasing or hiring of property, be repealed, and appropriate transitional provisions be enacted in respect of any such contract or arrangement.

20. That for the 1963 and subsequent taxation years the benefits received by an employee from his employer's contribution to a group life insurance plan that are at present excluded from income be excluded only if such contribution is in respect of group term life insurance.

21. That, with respect to any annuity contract entered into after June 13, 1963, that part of the proceeds of the contract that consists of interest accumulated prior to the date on which the annuity commences be included in computing income of the recipient unless such proceeds are received as a life annuity or as a refund of premiums upon the death of the holder of the annuity contract.

22. That for the 1962 and subsequent taxation years the manner of taxing a bankrupt corporation, a bankrupt individual and a trustee in bankruptcy be revised and in particular

(a) that the trustee be deemed to be the agent of the bankrupt person for all purposes of the act;

(b) that section 63 of the act not apply in the case of any income of the trustee from dealing in the property of the bankrupt person or from carrying on the business of the bankrupt person;

(c) that the income of the bankrupt person be computed as if upon the occurrence of the bankruptcy the property of the bankrupt person did not pass to and vest in the trustee; and

(d) that the trustee be liable for payment of any tax payable by the bankrupt person to the extent of the property of the bankrupt person in the possession of the trustee.

[Mr. Gordon.]

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That the present exemption from sales tax for certain building materials be withdrawn by repealing the exemption for all goods mentioned under the heading "Building Materials" in Schedule III of the said act and by repealing the exemptions for

(a) "Fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials and materials to be used or consumed exclusively in the manufacture of such fire brick or refractory materials;"

(b) "Creosote oil and other wood preservatives when for use exclusively in the treatment of timber, poles or lumber;"

(c) "Seventy five per cent of the sale price if manufactured in Canada, or seventy five per cent of the duty-paid value if imported, of trailers for use as homes;"

(d) "Railway ties;"

(e) "Goods for use as part of sewerage and drainage systems, and articles and materials to be used exclusively in the manufacture thereof;".

2. That any enactment based on paragraph 1 of this resolution provide that

(a) goods for use as part of sewerage and drainage systems be exempt from sales tax when sold to or imported by a municipality for its own use and not for resale,

(b) any transfer of a sewerage or drainage system to a municipality by any person within two years after the completion thereof, pursuant to a bylaw of or agreement with that municipality under which that person is required to instal such system and transfer it without charge to that municipality after the completion thereof be deemed, for the purpose of section 46 of the said act, to be a sale to the municipality for its own use and not for resale of goods for use as part of a sewerage or drainage system,

and that any agency operating a sewerage or drainage system for or on behalf of a municipality may be declared by the minister to be a municipality for the purposes of this paragraph.

3. That any enactment based on paragraph 1 of this resolution provide that drain tile for agricultural purposes and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

4. That the present exemption for certain machinery and apparatus to be used in manufacture or production be withdrawn by repealing the exemption for all goods mentioned under the headings "Machinery and Apparatus to be Used in Manufacture or Production" and "Engines" in Schedule III of the said act and by repealing the exemptions for

(a) "Seismic shot-hole casing and materials used in the manufacture thereof;"

(b) "Materials (not including grease, lubricating oils or fuel for use in internal combustion engines) consumed or expended directly in the process of manufacture or production of goods."

(c) "Diesel fuel oil when used in internal combustion engines used in logging operations and in the manufacture of rough lumber."

(d) "Diesel fuel oil when used in internal combustion engines at mines to generate electricity for use in mining operations and other purposes connected therewith."

(e) "Tires and tubes for use exclusively on the machinery enumerated in Customs Tariff item 411*a*."

(f) Goods enumerated in Customs Tariff items 364, 399*a*, 399*b*, 399*c*, 411*a*, 417, 431*h*, 439*c*, 666, 667, 848, 848*a* and 848*b*.

5. That any enactment based on paragraph 4 of this resolution provide that traction engines for farm purposes and accessories therefor (not including machines and tools for operation by such engines) and complete parts of all the foregoing, and materials to be used exclusively in the manufacture of the said engines, accessories or parts be exempt from sales tax.

6. That any enactment based on paragraph 4 of this resolution provide that farm wagons, including four-wheeled farm wagons equipped to be tractor drawn and farm sleds, and materials to be used exclusively in the manufacture thereof be exempt from sales tax.

7. That feeds for fish, supplements for addition to such feeds, and materials to be used exclusively in the manufacture of such feeds or supplements be exempt from sales tax,

8. That the exemption from sales tax for materials for use in the equipment and repair of ships over ten tons net register tonnage be restricted to materials for use in the equipment and repair of ships to be used exclusively for commercial purposes.

9. That the present exemption from sales tax for "Bakers' cakes and pies including biscuits, cookies or other similar articles;" be changed to read "Bakers' cakes and pies including biscuits, cookies and similar articles but not including simulated chocolate bars or candy bars;".

10. That the export duty of three one hundredths of one cent per kilowatt hour on electrical power exported from Canada be repealed.

11. That the said act be further amended by adding thereto the following part:

PART III

Securities Sales Tax

11. (1) In this part,

(a) "designated corporation" means a corporation that was at the relevant time resident in Canada, any of the shares of which of any class were, within a period of two years immediately before that time, listed on a stock exchange;

(b) "eligible purchaser" means any purchaser of shares of a designated corporation who was at the relevant time

(i) an individual resident in Canada who had been resident in Canada for a period of not less than two years immediately before that time,

(ii) a corporation resident in Canada having a share capital, in any case where the number of votes attaching to the shares of the corporation that were owned by one or more individuals or corporations described in any of subparagraphs (i), (iii), or (iv) or this subparagraph, exceeded 50 per cent of the total number of votes attaching to all of the shares of the corporation, and where, by reason of the beneficial ownership of any shares or other securities of the corporation or any agreement in writing, one or more individuals or corporations so described were in a position to or were entitled to elect or cause to be elected a majority of the directors of the corporation,

(iii) a corporation resident in Canada having no share capital, a majority of the directors and of the other members of which were individuals described in subparagraph (i), or

(iv) and individual or corporation wherever resident who purchased the shares of the designated corporation as a trustee under an employees' pension plan or under any trust constituted exclusively for charitable purposes, the right of appointment or removal of whom was exercisable by one or more individuals or corporations described in any of subparagraphs (i), (ii) or (iii);

(c) "resident vendor" means a vendor of shares of a designated corporation who was at the relevant time resident in Canada;

(d) "share" as applied to any corporation means a share of that corporation of any class, other than a share

(i) the owner of which is entitled only to a fixed cumulative preferred dividend, and

(ii) to which no vote is attached under any

circumstances, or to which a vote is attached only in the event that any dividend described in subparagraph (i) is in arrears for a period of not less than two years; and

(e) "stock exchange" means

(i) the Canadian Stock Exchange,

(ii) the Montreal Stock Exchange,

(iii) the Toronto Stock Exchange,

(iv) the Winnipeg Stock Exchange,

(v) the Calgary Stock Exchange, and

(vi) the Vancouver Stock Exchange;

and such other stock exchange or exchanges in Canada as may from time to time be designated by the governor in council for the purposes of this part.

(2) For the purposes of this part, the votes attaching to any share of a corporation are the votes that under any voting rights annexed to that share may, either upon the happening of a particular event or otherwise, be exercised by the owner thereof.

(3) A reference in this part to a person resident in Canada includes a person who was at the relevant time ordinarily resident in Canada, and in determining the residence of a person for the purposes of this part the provisions of the Income Tax Act applicable to any such determination for the purposes of that act apply *mutatis mutandis*.

12. (1) There shall be imposed, levied and collected a securities sales tax of 30 per cent on the sale price of all shares of a designated corporation sold by a resident vendor to a person other than an eligible purchaser, payable by the vendor within 30 days of such sale.

(2) No tax is payable under this part in respect of shares of a designated corporation sold by a resident vendor to a person other than an eligible purchaser through a stock exchange in any day where the total sale price of all shares of that corporation so sold by the vendor to all persons in that day does not exceed $50,000.

13. The issue by a designated corporation to any person of any shares of that corporation pursuant to a warrant, option, right or conversion privilege entitling the owner or holder thereof to purchase or otherwise acquire those shares shall, except where the warrant, option, right or conversion privilege was outstanding on or before the 13th day of June, 1963, be deemed for the purposes of this part to be a sale by the corporation to that person of those shares, and in relation thereto the sale price of those shares shall be deemed to be the consideration paid or agreed to be paid for those shares plus the fair market value, immediately before the issue of the shares, of the warrant, option or right, or of the security carrying the conversion privilege, pursuant to which the shares were issued.

[Mr. Gordon.]

14. A sale by a designated corporation to any person of all or substantially all of the property used by the corporation in carrying on its business in Canada shall, for the purposes of this part, be deemed to be a sale by the corporation to that person of shares of the corporation, and in relation to such shares the sale price thereof shall be deemed to be

(a) the consideration paid or agreed to be paid for the property so sold, in any case where that property was sold to a person with whom the corporation was dealing at arm's length; and

(b) the fair market value of the property so sold, in any other case.

15. Where, by reason of the reorganization of, or the merger or amalgamation with another corporation of, a designated corporation (which reorganization, merger or amalgamation is hereinafter referred to as a "substitution" and which designated corporation is hereinafter referred to as the "old corporation"),

(a) the total number of votes attaching immediately before the substitution to all shares of the old corporation owned by individuals or corporations described in any of subparagraphs (i) to (iv) of paragraph (b) of subsection (1) of section 11 (which individuals or corporations are hereinafter referred to as "eligible shareholders"), expressed as a percentage of the total number of votes attaching at that time to all of the shares of the old corporation,

is greater than

(b) the total number of votes attaching immediately after the substitution to all shares of the reorganized corporation or of any corporation formed as a result of the merger or amalgamation (which reorganized corporation or corporation so formed is hereinafter referred to as the "new corporation") owned by eligible shareholders, expressed as a percentage of the total number of votes attaching at that time to all of the shares of the new corporation,

the substitution shall, for the purposes of this part, be deemed to be a sale to the new corporation of the shares of the old corporation by each of the persons who immediately before the substitution owned any shares thereof, and in relation to the shares thereof owned by any such person at that time, the sale price of those shares shall be deemed to be the fair market value at that time of shares of the old corporation, equal in number to

(c) the number of shares of the old corporation owned at that time by such person, multiplied by

(d) the quotient obtained by dividing

(i) the percentage number by which the percentage obtained under paragraph (a) exceeds the percentage obtained under paragraph (b)
by

(ii) the percentage number obtained under paragraph (a).

16. (1) Subject to subsection (2), every person who, being a resident vendor, sells any shares of a designated corporation other than shares of a designated corporation in respect of which no tax is payable under this part by virtue of subsection (2) of section 12 shall, within one month of such sale, file a return with the minister stating, with respect to the sale,

(a) the name of each of the parties to the sale;

(b) the address of each of the parties to the sale including, in the case of a corporation, the address of the head office of the corporation and of its principal place of business, if any, in Canada; and

(c) particulars of the sale including the date of the sale, the sale price of the shares of each class so sold and, where applicable, the number of shares of each class so sold;
together with such further or other information or particulars as may be required by the regulations.

(2) The return required by this section to be filed by the minister may, in the case of a sale of shares deemed by section 15 to have been made to any corporation referred to in that section as a new corporation, be filed with the minister by that corporation on behalf of each of the persons resident in Canada by whom the sale was deemed so to have been made, and where any return is so filed by that corporation no return is required by this section to be filed by such persons with respect thereto.

17. There may be attached to any return filed with the minister as required by section 16 relating to the sale of any shares a certificate of identification as to the purchaser thereof,

(a) signed,

(i) where the purchaser thereof is an individual, by that individual, and

(ii) where the purchaser thereof is a corporation, by a responsible officer of that corporation; and

(b) stating that, at the time of the sale, such individual was, or to the best of such officer's knowledge, information and belief such corporation was, as the case may be, an eligible purchaser within the meaning of this part.

18. Where, in any month the number of sales of shares of a particular designated corporation made by a resident vendor with respect to which a return would otherwise be required by section 16 to be filed with the minister exceeds 50, the vendor may, in lieu of filing a return under section 16 with respect to each such sale made in that month, file with the minister, within 30 days after the end of that month, a return setting forth with respect to all such sales made in that month,

(a) particulars as described in paragraphs (a) and (b) of subsection (1) of section 16 as to the vendor;

(b) the total number of shares of the corporation of each class so sold, for which the vendor holds certificates under section 17 indicating respectively that the purchaser or, in the case of a sale made to a number of purchasers jointly, that each such purchaser was an eligible purchaser within the meaning of this part, and the total sale price of those shares; and

(c) the total number of shares of the corporation of each class so sold, for which the vendor does not hold certificates as described in paragraph (b), and the total sale price of those shares;
together with such further or other information or particulars as may be required by the regulations.

(2) Subsection (1) does not apply in respect of any sale of shares in the case of which a return may be filed as provided in subsection (2) of section 16.

19. Where,

(a) in the case of any return filed with the minister as required by section 16, no certificate of identification under section 17 as to the purchaser of the shares to which the return relates is attached thereto or, in the case of a return under section 18 filed with the minister, no certificate of identification under section 17 as to the purchaser of any particular shares to which the return relates is held by the vendor, or

(b) the certificate attached to the return or held by the vendor, as the case may be, does not indicate that the purchaser or, in the case of a sale made to a number of purchasers jointly, that each such purchaser was an eligible purchaser within the meaning of this part,
the purchaser or each such purchaser, as the case may be, shall, unless the contrary is established, be presumed to be a person other than an eligible purchaser.

20. A document signed by an officer of the Department of National Revenue, stating that to the best of his knowledge information and belief after examining the appropriate records of the department a particular corporation was at any stated time a designated corporation, is admissible in evidence and in the

absence of any evidence to the contrary is proof that such corporation was at that time a designated corporation.

21. (1) Subsection (1) of section 43 does not apply in respect of this part.

(2) Subsection (2) of section 54 applies in respect of a certificate attached to a return filed with the minister as required by section 16, or a certificate as to the purchaser of any particular shares to which a return under section 18 filed with the minister relates, as though such certificate were a return filed as required by this part.

(3) Section 55 applies in respect of a person required by section 16 to file any return or by whom any return under section 18 is filed with the minister, as though such person were a person described in subsection (1) of section 55."

22. That any enactment founded on paragraphs 1 to 9 of this resolution be deemed to have come into force on June 14, 1963, any enactment founded on paragraph 10 of this resolution be applicable in respect of electrical power exported from Canada after June, 1963, and any enactment founded on paragraph 11 of this resolution be deemed to have come into force on June 14, 1963 and to have been applicable in respect of any sales described therein made on or after that day.

23. That the said measure further provide

(a) that where any tax under part VI of the said act has become payable by any person in respect of any goods for which exemption from tax under that part was withdrawn by any enactment founded on paragraphs 1 to 9 of this resolution, which goods were, before June 14, 1964, sold and delivered by that person, or applied by that person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing signed by the parties thereto before June 14, 1963 that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of the tax to the amount payable to that person under the contract, a refund, or deduction from any of the taxes imposed by the said act, of the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may be granted to that person; and

(b) that where any goods for which exemption from tax under part VI of the said act was withdrawn by any enactment founded on paragraphs 1 to 9 of this resolution were, after June 13, 1963 and before June 14, 1964, sold and delivered by any person, or applied by any person to a use resulting in the property in the goods passing from that person, pursuant to a bona fide contract in writing signed by the parties thereto before June 14, 1963 that provided for the sale of those goods or their application to that use for a fixed amount stated in the contract and that did not permit the adding of any tax under that part that became payable after June 13, 1963 in respect of those goods to the amount payable to that person under the contract, an amount equal to the tax or such part thereof as could not under the contract be added to the amount payable to that person thereunder may, where application therefor is made to the Minister of National Revenue by that person before June 14, 1966 in such form as the minister prescribes and the minister is satisfied that such tax has been paid, be paid by the minister to that person.

CUSTOMS TARIFF

1. Resolved, that schedule A to the Customs Tariff be amended by striking out tariff items 24, 25, 179, 187*c*, 409*f*, 538*h*(1), 521(1), 521(3) (*a*), 521(3) (*b*), 522(6), 532*g*, 533, 536, 537, 537*a*, 537*b*, 537*c*, 537*d*, 537*e*, 538*a*, 538*d*, 538*i*(1), 538*i*(2), 540(*a*), 540(*b*), 540(*c*), 540(*d*), 541, 541*a*, 541*b*, 541*c*, 541*d*, 542, 542*a*, 543, 546, 546*a*, 547, 547*a*, 548, 548*a*, 548*c*, 549*c*, 549*d*, 549*e*, 549*f*, 569, 569*a*(1), 569*a*(2), 569*a*(3), 569*a*(4), 569*a*(5), 569*a*(6), 569*b*, 569*c*(1), 569*c*(2), 569*d*(1), 569*d*(2), 572*a*, 610, 798, 812, 812*a* and 812*b*, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
4	Chicory, raw or green.....per pound	Free	Free	3 cts.	2¼ cts.	2¼ cts.	3 cts.
5	Chicory, kiln dried, roasted or ground.....per pound	2 cts.	2 cts.	5 cts.	3 cts.	3 cts.	5 cts.
179	Labels for cigar boxes, fruits, vegetables, meats, fish, confectionery or other goods or wares; shipping, price or other tags, tickets or labels, and railroad or other tickets, whether lithographed or printed, or partly printed, n.o.p.; *the foregoing not including lables of textile fibres or filaments*.....	17½ p.c.	22½ p.c.	35 p.c.	17½ p.c.	22½ p.c.	35 p.c.
	Tickets issued by railway systems in the British Commonwealth (not including railway systems operating in Canada), shall be exempt from customs duty, when produced in countries entitled to the benefits of the British Preferential Tariff.						
187*c*	Photographic dry plates.....	7½ p.c.	12½ p.c.	30 p.c.	10 p.c.	15 p.c.	30 p.c.
312*d*	Woven fabrics, wholly or in part of asbestos, for use in the manufacture of clutch facings and brake linings..	12½ p.c.	12½ p.c.	30 p.c.	12½ p.c.	12½ p.c.	30 p.c.
409*f*	*Aluminum sluice-type devices for controlling water in irrigation ditches;* Animal clippers; Automatic stock watering devices; Barn hay forks, carriage, pulleys and track; Barn litter carriers and track; Combination excavating and transporting scraper units; Egg cooling cabinets; Elevators (other than storage elevators); Grain crushers; Grain or hay dryers; Grain or hay grinders; Grain loaders; Gravity discharge farm wagon boxes; *Hay stack forms;* *Heaters for orchards;* Hitches and couplings; Hydraulic hoists for unloading vehicles; Land levellers;						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
409f (*Con.*)	Machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear; Milk coolers; Sodium metabisulphite; Sprinkler irrigation systems; Steel stanchions for confining livestock either in pens or individually, and complete equipment for milking parlours; All the foregoing for use on the farm for farm purposes only; Brooders; Ensilage cutters; Fodder or feed cutters; Hay loaders; Hay tedders; Post hole diggers; Potato diggers; Potato planters; Snaths; Stumping machines; All other agricultural implements or agricultural machinery, n.o.p.;						
	Parts of all the foregoing	Free	Free	Free	Free 15 p.c.	Free 22½ p.c.	Free 30 p.c.
438*h*	(1) Motor cycles having an engine capacity of 250 c.c. or less, engines or side cars therefor; parts of the foregoing	Free	12½ p.c.	30 p.c.	Free	17½ p.c.	30 p.c.
521	Yarns and rovings, including threads, cords and twines, wholly of cotton:						
	(1) Singles, *n.o.p.*	12½ p.c.	17½ p.c.	22½ p.c.	12½ p.c.	17½ p.c.	22½ p.c.
	(2) *Undyed and unbleached, for use in the manufacture of cotton sewing thread:*						
	(a) Singles	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
	(b) Plied	5 p.c.	10 p.c.	20 p.c.	5 p.c.	10 p.c.	20 p.c.
	(3) For use in the manufacture of crochet, knitting, darning or embroidery cottons *to be packaged for sale at retail for household use:*						
	(a) Singles	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
	(b) Plied	5 p.c.	10 p.c.	20 p.c.	5 p.c.	10 p.c.	20 p.c.
	(6) *Mercerized yarns of count seventy five and finer*	Free	17½ p.c.	30 p.c.	12½ p.c. 15 p.c.	17½ p.c. 20 p.c.	22½ p.c. 30 p.c.

532g	Haircloth composed of horsehair in combination with any vegetable fibre	17½ p.c.	27½ p.c.	30 p.c.	17½ p.c.	27½ p.c.	30 p.c.
541a	*Yarns and rovings, including threads, cords and twines, wholly or in part of vegetable fibres, n.o.p., not containing silk, wool or hair, man-made fibres or filaments nor glass fibres or filaments;*						
	(*1*) Linen thread for hand or machine sewing	Free	17½ p.c.	25 p.c.	Free	17½ p.c.	25 p.c.
	(*2*) Linen yarns for weaving or braiding into fabrics	Free	Free	25 p.c.	Free	Free	15 p.c.
	(*3*) *Singles, n.o.p.*	12½ p.c.	17½ p.c.	25 p.c.	12½ p.c. Free	17½ p.c. 10 p.c.	25 p.c. 15 p.c.
	(*4*) *Other, n.o.p.*	15 p.c.	20 p.c.	25 p.c.	15 p.c. Various	20 p.c. Various	25 p.c. Various
541b	*Yarns and rovings, including threads, cords or twines, wholly of jute;*						
	(*1*) *Singles*	10 p.c.	17½ p.c.	25 p.c.	Free Free	17½ p.c. 10 p.c.	25 p.c. 15 p.c.
	(*2*) *Other*	15 p.c.	20 p.c.	25 p.c.	20 p.c. Free	25 p.c. 10 p.c.	32½ p.c. 15 p.c.
542a	Woven fabrics, wholly or in part of vegetable fibres, and all such fabrics with cut pile, n.o.p., not containing silk, wool *or hair, man-made fibres or filaments nor glass fibres or filaments*	17½ p.c.	22½ p.c.	30 p.c.	17½ p.c. 20 p.c. Various	20 p.c. 25 p.c. Various	30 p.c. 40 p.c. Various
542b	Woven fabrics, wholly of jute	Free	5 cts. per 100 lineal yards	15 p.c.	Free 15 p.c. Various	5 cts. per 100 lineal yards 22½ p.c. Various	15 p.c. 30 p.c. Various
542c	*Woven fabrics, in the web, wholly of flax or hemp:*						
	(*1*) Towelling and glass-cloth of crash or huck; *table-cloth and napkin fabrics of crash*	17½ p.c.	22½ p.c.	35 p.c.	15 p.c. and 3 cts. per pound Free	20 p.c. and 3½ cts. per pound 22½ p.c. and 3 cts. per pound	35 p.c. and 4 cts. per pound 35 p.c. and 4 cts. per pound
	(*2*) *Other*	Free	22½ p.c.	35 p.c.	Free 25 p.c.	22½ p.c. and 3 cts. per pound 25 p.c.	35 p.c. and 4 cts. per pound 35 p.c. and 4 cts. per pound
543a	(*1*) Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres, *n.o.p., when the textile component is not more than fifty per cent, by weight, of silk nor fifty per cent or more, by weight, of man-made fibres or filaments or glass fibres or filaments,* not containing wool *or hair*	25 p.c.	25 p.c.	35 p.c.	25 p.c 22½ p.c. Various	25 p.c. 22½ p.c. Various	35 p.c. and 4 cts. per pound 35 p.c. and 4 cts. per pound Various

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
543a (*Con.*)	(*2*) Towels and glass-cloths of crash or huck, table-cloths and napkins of crash, wholly or in part of flax or hemp, *not containing more than fifty per cent, by weight, of silk nor fifty per cent or more, by weight, of man-made fibres or filaments or glass fibres or filaments nor wool or hair*	17½ p.c.	22½ p.c.	35 p.c.	15 p.c. and 3 cts. per pound	20 p.c. and 3½ cts. per pound	35 p.c. and 4 cts. per pound
543b	Articles made from *woven* fabrics wholly of jute and all textile manufactures, *wholly or partially manufactured, the textile component of which is wholly of jute, n.o.p.; jute fabric backed with paper*	12½ p.c.	22½ p.c.	30 p.c.	12½ p.c. 25 p.c.	22½ p.c. 25 p.c.	30 p.c. 35 p.c. and 4 cts. per pound
543c	Sheets, pillow-cases, *bed-spreads, dresser-scarves, doilies, tray-cloths,* table-cloths, napkins, towels, *glass-cloths* and handkerchiefs, wholly of flax or hemp, but not to include towels or glass-cloths of crash or huck, nor table-cloths and napkins of crash	Free	22½ p.c.	35 p.c.	Free	20 p.c. and 3 cts. per pound	35 p.c. and 4 cts. per pound
	Hemming, hemstitching or embroidering with cotton thread of the foregoing articles, or the weaving of cotton thread in the borders of the handkerchiefs, will not remove such goods from this item.						
543d	Bags or sacks of jute, hemp, linen or sisal	12½ p.c.	15 p.c.	20 p.c.	12½ p.c. 17½ p.c.	15 p.c. 17½ p.c.	20 p.c. 35 p.c. and 4 cts. per pound
559g	Batts, batting and wadding of wool, cotton or other *textile* fibre, n.o.p.	10 p.c.	17½ p.c.	25 p.c.	12½ p.c.	20 p.c.	25 p.c.
567	Sails for boats and ships; *textile fabrics, in the web or with fused edges, for use in the manufacture of such sails*	15 p.c.	22½ p.c.	25 p.c.	15 p.c. Various	22½ p.c. Various	25 p.c. Various
569a	Hats, hoods and shapes of fur felt or of wool-and-fur felt	17½ p.c.	22½ p.c.	35 p.c.	17½ p.c.	22½ p.c.	35 p.c.

569b	(*1*) Hoods and shapes, caps, bonnets and berets, n.o.p..	22½ p.c.	30 p.c.	45 p.c.	22½ p.c. Various	27½ p.c. Various	35 p.c. Various
	(*2*) Hats, n.o.p..... and, per dozen	20 p.c. 75 cts.	25 p.c. $1.00	35 p.c. $1.50	20 p.c. 75 cts.	25 p.c. $1.00	35 p.c. $1.50
569c	Hoods and shapes, knitted, crocheted, plaited or woven, in a single piece; hoods and shapes of braid, not sewn; *all the foregoing for use in the manufacture of hats*.....	Free	7½ p.c.	10 p.c.	Free	7½ p.c.	10 p.c.
569d	Hat sweats, cap peaks, stiffening bands for the inside of hats and caps, tips and sides when cut to shape, and materials for use in the manufacture of such articles; all the foregoing for use in the manufacture of hats and caps.....	Free	Free	Free	Free	Free	Free
569e	Hat braids, of a class of kind not made in Canada, whether woven, knitted or plaited, not exceeding six inches in width, for use in the manufacture of hat bodies or shapes, but not for use in the ornamentation or trimming of such bodies or shapes.....	Free	Free	Free	Free	Free	Free
569f	Materials, of a class or kind not made in Canada, *for use in the manufacture of* woven, knitted or plaited hat braids.....	Free	Free	Free	Free	Free	Free
572*a*	Carpets of sisal, palm straw or cane straw.....	17½ p.c.	17½ p.c.	40 p.c.	20 p.c.	20 p.c.	40 p.c.
574	*Coated or impregnated fabrics, containing textile fabric, produced by any method, including lamination, if the weight of the textile fabric is less than two-thirds of the weight of the coated or impregnated fabric:*						
	(*1*) *The textile fabric being wholly or in part of man-made fibres or filaments or of glass fibres or filaments*.....	27½ p.c.	32½ p.c.	50 p.c.	30 p.c.	35 p.c.	50 p.c.
	(*2*) *The textile fabric not being wholly or in part of man-made fibres or filaments or of glass fibres or filaments*...	20 p.c.	25 p.c.	40 p.c.	20 p.c. 25 p.c. Various	25 p.c. 25 p.c. Various	35 p.c. and 4 cts. per pound 35 p.c. and 4 cts. per pound Various
574a	Woven fabrics of vegetable fibres, coated or impregnated, imported for use as "brattice cloth" in underground mining operations.....	Free	10 p.c.	12½ p.c.	Free	10 p.c.	12½ p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
574b	Canvas in the web, wholly of flax or hemp, or both, plain woven, *coloured or not, treated with weather-proofing or preservative materials, weighing more than six ounces per square yard, when the weight of the untreated fabric is two-thirds or more of the weight of the treated fabric*	17½ p.c.	22½ p.c.	40 p.c.	15 p.c. 25 p.c.	25 p.c. and 3½ cts. per pound 25 p.c.	35 p.c. and 4 cts. per pound 35 p.c. and 4 cts. per pound
597*a*	(5) *Accordions*	2½ p.c.	2½ p.c.	30 p.c.	5 p.c.	5 p.c.	30 p.c.
610	Belting, n.o.p., *not including single-ply belting wholly of textile fibres*	7½ p.c.	20 p.c.	27½ p.c.	7½ p.c.	20 p.c.	27½ p.c.

2. Resolved, that Schedule B to the *Customs Tariff* be amended by striking out item 1012, and the enumeration of goods and the rate of drawback of duty set opposite that item, and by inserting therein the following items, enumerations of goods and rates of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1008	*Materials, woven, knitted, bonded, braided or felted, whether or not pleated, folded or sewn.*	*When used by manufacturers of hats in making bands for, or in binding the edges of, men's hats*	99 p.c.
1009	Woven fabrics in the web.	When used in the manufacture of linings for *men's or boys'* hats *or* caps, *or* in the manufacture of buckram shapes *for women's or children's headgear*	99 p.c.

3. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 535, 535*a*, 535*c*, 535*g*, 538*c*, 539, 569*e* and 575, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
540a	Grasses, seaweed, mosses and vegetable fibres other than cotton, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted; oakum of flax, hemp, or jute; coir and coir yarn.....	Free	Free	Free	Free	Free	Free
540b	Grasses, seaweed, mosses and vegetable fibres other than cotton, n.o.p.; bagasse of sugar cane, whether or not dried, cleaned, cut to size, ground or sifted.....	Free	10 p.c.	17½ p.c.	Free	10 p.c.	17½ p.c.
540c	Vegetable fibres, horse hair, and mixtures of vegetable fibres and horse hair, for use in the manufacture of brooms and brushes.....	Free	Free	7½ p.c.	Free	Free	7½ p.c.
540d	Piassava fibre, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted....	Free	Free	Free	Free	Free	Free
541c	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.....	17½ p.c.	22½ p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
541d	Cordage, exceeding one inch in circumference, n.o.p.....	20 p.c.	22½ p.c.	25 p.c.	20 p.c.	22½ p.c.	25 p.c.
568	(3) Knitted fabric wholly of cotton, in the web, for use in the manufacture of rubber boots and shoes.....	10 p.c.	20 p.c.	25 p.c.	10 p.c.	20 p.c.	25 p.c.
569g	Firemen's helmets; safety helmets for industrial purposes; parts of such helmets.....	Free	Free	Free	Free	Free	Free

4. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 180*c*, 180*f*, 188, 206*b*, 208*x*, 237*a*, 296*g*, 399*a*, 431*h*, 440*ml*., 440*nl*., 462*d*, 462*i*, 469, 478(2), 570*a*(2), 597*d*, 696(1) and 703*b*, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

9i	*Feeds for use exclusively in the feeding of trout*.....	Free	Free	25 p.c.	15 p.c.	20 p.c.	25 p.c.
	On and after July 1, 1964	15 p.c.	20 p.c.	25 p.c.			
180e	*Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing except reproductions of Canadian originals, for the manufacture, assembly, erection, installation, operation or maintenance of machines, test sets, engines, apparatus, appliances, plant equipment, and parts thereof*.....	Free	Free	Free	Free 12½ p.c.	Free 20 p.c.	Free 22½ p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
180f	*Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing, n.o.p.; maps and charts, n.o.p.*	12½ p.c.	20 p.c.	27½ p.c.	12½ p.c. Free	20 p.c. Free	22½ p.c. Free
188	*Plain photographic base paper, prepared for and to be coated with a silver haloid emulsion, for use in the manufacture of photographic paper*	Free	Free	25 p.c.	Free Free	Free Free	25 p.c. 10 p.c.
206*b*	Dextrose (glucose) solutions *and levulose (fructose) solutions*, prepared for parenteral administration in therapeutic treatments; component materials and articles to be used in making such preparations	Free	Free	Free	Free 17½ p.c.	Free 20 p.c.	Free 04 p.c.
208*x*	Materials and parts, entering into the cost of cyanide of calcium, cyanide of potassium and cyanide of sodium, for use in the manufacture of cyanide of calcium, cyanide of potassium and cyanide of sodium	Free	Free	Free	Free	Free	Free
220b	*Phenylalanine deficient dietary preparations specially compounded for use in the treatment of phenylketonuria*	Free	Free	25 p.c.	15 p.c.	20 p.c.	25 p.c.
237*a*	Deuterium oxide or heavy water; uranium in the form of pigs, ingots, billets or bars	Free	Free	25 p.c.	Free	Free	25 p.c.
	On and after July 1, *1964*	Free	15 p.c.	25 p.c.	Free	15 p.c. (On and after July 1, 1963)	25 p.c.
296*g*	Sodium calcium borate ore for use as a fire retardant	Free	Free	25 p.c.	Free	Free	25 p.c.
	On and after July 1, *1964*	15 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c. (On and after July 1, 1963)	25 p.c.
399*a*	Pipes or tubes of iron or steel, commonly known as "oil-country goods", being casing or tubing, fittings, couplings, *thread protectors and nipples* therefor; sucker rods, pony rods, polished rods and couplings therefor; seismograph drilling bits, in sizes three and one-half inches to four and three-quarter inches inclusive; all of the foregoing for use in connection with natural gas or oil wells	5 p.c.	10 p.c.	20 p.c.	5 p.c. 10 p.c.	10 p.c. 22½ p.c.	20 p.c. 35 p.c.

431*h*	Geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following: Magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; sodium iodide crystals, thallium activated, in rough cut blanks, when imported to be manufactured into parts for use in instruments for prospecting; all the foregoing of a class or kind not made in Canada, and parts, tripods and fitted carrying cases for any of the foregoing.....	Free	Free	30 p.c.	Free 10 p.c. 20 p.c.	Free 22½ p.c. 20 p.c.	30 p.c. 35 p.c. 30 p.c.
440*m*	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
	1. When of types or sizes not made in Canada.....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	On and after July 1, *1964*	Free	15 p.c.	27½ p.c.	Free	15 p.c. (On and after July 1, 1963)	27½ p.c.
440*n*	Aircraft engines, when imported for use in the equipment of aircraft:						
	1. When of types or sizes not made in Canada.....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	On and after July 1, *1964*	Free	15 p.c.	27½ p.c.	Free	15 p.c. (On and after July 1, 1963)	27½ p.c.
455	Locks for use in the manufacture of portfolios, luggage *and tackle boxes;* frames and fittings therefor, wholly of metal for use in the manufacture of gladstone bags	5 p.c.	5 p.c.	35 p.c.	5 p.c.	5 p.c.	35 p.c.
462*d*	Cinematograph and motion picture cameras *and camera blimps* for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing.....	Free	Free	15 p.c.	Free	Free	15 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
462*i*	Optical *and magnetic* sound equipment; Dollies, or other mobile mounting units for motion picture cameras; Booms, without wiring, for use with microphones; Motion picture editing equipment, namely: film editing machines, film splicers, film synchronizers, film viewers, rewinds; Parts of the foregoing; All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production....	Free	Free	15 p.c.	Free	Free	15 p.c.
469	Machine card clothing:						
	(*1*) *For use on roller clearer cards*.....	10 p.c.	20 p.c.	25 p.c.	10 p.c.	20 p.c.	25 p.c.
	(*2*) *Other*.....	Free	10 p.c.	25 p.c.	10p.c.	20 p.c.	25 p.c.
478	(2) Aural, nasal, mastectomy *and other medical or surgical* prostheses; *materials for use in reconstructive surgery;* ileostomy, colostomy and urinary appliances designed to be worn by an individual; materials and articles required therewith for proper application and maintenance.....	Free	Free	Free	Free 15 p.c. Various	Free 20 p.c. Various	Free 27½ p.c. Various
570*a*	(2) Carpeting, rugs, mats and matting of paper; stair pads.....	15 p.c.	22½ p.c.	30 p.c.	15 p.c.	22½ p.c.	25 p.c.
597*d*	Musical instruments, namely: Autoharps, clavichords, harpsichords, harps; Bass viols, violas, violins, violoncellos; Strings for the foregoing; Recorders, xylophones; Bassoons, clarinets, English horns, fifes, flutes, oboes, picolos, saxophones, *practice chanters;* Parts of the foregoing.....	Free	Free	30 p.c.	Free 15 p.c.	Free 17½ p.c.	30 p.c. 30 p.c.

696	(1) Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations; *video tape recordings; stencils and cards, specially designed for the preparation of library index cards;* 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; parts of the foregoing. 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 or for rental, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
				15 p.c.	20 p.c.	30 p.c.
				15 p.c.	22½ p.c.	25 p.c.
				10 p.c.	22½ p.c.	35 p.c.
703*b*	(1) Goods valued at not more than *twenty-five* dollars included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than forty-eight hours and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free

A resident of Canada shall not be entitled to the exemption herein granted within a period of four months from the date of the last exemption allowed, nor shall the exemption be allowed on alcoholic beverages in excess of one quart, or on tobacco in excess of fifty cigars, two hundred cigarettes and two pounds of manufactured tobacco.

(2) In addition to the exemption provided for in part (1) of this item, a resident of Canada returning from a point beyond the continental limits of North America after an absence from Canada of not less than fourteen days may elect to avail himself of the following special exemption:

Tariff Item	——	Rates in Effect Prior to Rates Proposed in this Budget					
		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
703b (*Cont.*)	Goods valued at not more than *seventy-five* dollars (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco), acquired in overseas countries by residents of Canada during an absence from Canada of not less than fourteen days and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
	All goods admitted under the foregoing special exemption shall be declared by the resident at the time of his return to Canada, and any person who has availed himself of the special exemption is not entitled to any further exemption under item 703*b* within a period of twelve months from the date the last special exemption was allowed.						
	Goods entitled to entry under this tariff item shall be exempt from all imposts, notwithstanding the provisions of this Act or any other Act.						

5. Resolved, that Schedule B to the *Customs Tariff* be amended by striking out item 1004 and the enumeration of goods and the rate of drawback of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rate of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1004	Steel.	When used in the manufacture of files.....	99 p.c.

6. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the fourteenth day of June, 1963, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Resolved that it is expedient to introduce a measure in the following terms:

1. The Order of His Excellency the Governor in Council of the 24th day of June, 1962, expressed to be made pursuant to subsection (1) of section 4 of the *Customs Tariff* and pursuant to section 22 of the *Financial Administration Act*, shall be deemed for all purposes to have had the same force and effect as if it had been validly made on that day pursuant to an Act of the Parliament of Canada that authorized the making of that Order.

2. All rates of Customs duties more favourable than those of the General Tariff, and the benefit of any tariff more favourable than the General Tariff, expressed to be withdrawn by the Order mentioned in section 1, shall be deemed to have been restored on the 1st day of April, 1963, and from and after the 1st day of April, 1963 the rates so restored and any tariff the benefit of which is so restored shall, subject to the provisions of the *Customs Tariff*, apply as they applied immediately before the 25th day of June, 1962.

[*See also Budget Papers, pages 1033 to 1162*]

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, after the almost funereal tones, the reverend tones, with which the hon. minister commenced his address, and remembering the sanctity of the budget, one would almost be prepared to take off one's shoes and bow in reverence. However, we have had the most miserable, petty, picayune, party address that has ever been given in parliament. It has been a combination, Mr. Speaker, of partisanship and platitudes, and I am not sure which was most prevalent.

We were told about mismanagement for six years.

Some hon. Members: Hear, hear.

Mr. Nowlan: I do not mind, Mr. Speaker, I know that very often after a hollow budget speech the government supporters make more noise than usual. We have been told about six years of mismanagement. There has been the suggestion of the restoration of confidence following the election and that the economy was moving ahead. One needs to look at the white papers brought down by the minister the other day and study all the indices to which he referred. Look at every one of them, and what do you find? You find a tremendous expansion during this last year, expansion the year before, and expansion the year before that. Was that due to the mesmerism exercised by the Minister of Finance (Mr. Gordon) two years before he came to this house?

During that time, he was writing the book, "Troubled Canada", and now he is going to have to trouble himself with some of the things he put in it. Make no mistake about that. We were told we had to get the economy moving, the economy was on dead centre and nothing could be done about it unless we elected a Liberal government. As I said before, all one needs to do is to go through the indices one finds in the white papers in order to ascertain that there has been a tremendous improvement during the past year, and improvement during the year before that. As the minister said, undoubtedly this improvement is going to continue due to the foundations which were laid by this government.

Some hon. Members: Oh, oh.

Mr. Nowlan: I am not saying, Mr. Speaker, that we had any monopoly on political agility or political ability. I think sometimes we are rather politically inept. Indeed, there is a great monopoly on political ability over on the other side of the house, but I will say that what we did have in our government was administrative ability.

Some hon. Members: Oh, oh.

Mr. Nowlan: I notice that the loudest and most hollow laughter is coming from one who was a member of the government that was defeated in 1957. I can tell him about a statement made by one of his former colleagues who is now in the other place. A few nights before the last election this person said that, forgetting the difference in the personalities of the two leaders, forgetting the political ability which the Liberal party always showed, when it came to ability in administration there was no question but that the government of which I was a member was definitely superior to the government of Mr. St. Laurent.

Some hon. Members: Oh, oh.

An hon. Member: That sounds like Mr. Grosart.

Mr. Nowlan: I could tell you who he is, but I will not. He also said that, judging from the candidates selected, if the Liberal party did get elected, the government of which I was a member would be definitely superior. I would say now that undoubtedly he was a good prophet in every way, shape and form.

Then, in addition to the indices to which I have referred, the minister referred, in lowered tones, almost broke down and wept, about the balance of payments. He said how terrible this problem was. He referred to the almost $1,200 million or something of that kind with which the nation had been confronted, and the inference again was that it was the government of which I was a member which was responsible. This balance of payments problem runs back beyond 1950.

An hon. Member: He said that.

Mr. Nowlan: If he did, I did not hear him.

An hon. Member: You were asleep.

Mr. Nowlan: You better keep shouting, boys, because you know you are in the wrong.

The minister did not say that three years ago the deficit was $1,500 million, and we reduced it until this year it was less than $900 million. He did not say that. Every economist who is worth his salt would venture to prophesy that the deficit will be reduced by another $300 million or $400 million this year and will be brought down to a reasonable figure. I would not venture to prophesy myself because that is something for the minister to indulge in, and he has indulged in enough prophesies. Certainly, the record in so far as the balance of payments is concerned is one of the greatest tributes that has been paid to any government, and one which goes a long, long way towards solving the fundamental economic problems with which we have been confronted. I admit it went up, but one has to see how it ran before 1950.

It is now well on the road to being controlled and I do not believe we have to worry too much about it in the future.

There has been talk of the deficit, the huge deficit which we ran up during the years we were in power. It is true, Mr. Speaker, that we had deficits. We had substantial deficits. We took over the country from a government which was allowing our economy to go to the dogs, a government which hid the true facts from the people before the election of 1957 by hiding the record. It created an impossible situation so far as the economy was concerned. What they did to compensate for that, as you know, in their great generosity, was to pay for two cups of coffee a day for the aged people, in the hope that would rectify the situation.

I have the figures here on the deficits which we did incur. There is no question but that they ran into very substantial ones. The white papers introduced by the minister two or three days ago show the accumulated deficits, including the estimated one for this year. Incidentally, Mr. Speaker, I want to make it abundantly clear that I am not accepting necessarily the estimated deficit for the past fiscal year which appears in the white papers. The Minister of Finance says quite properly, that this is only an estimate. It is a matter which will be dealt with later on by definitive legislation fixing the amount, and when that time comes we will be able to discuss that matter more fully. I am not unconscious of the fact that with the political adroitness hon. gentlemen on the other side always show, it is a fairly easy matter to adjust figures and balances one way or the other.

Mr. Robichaud: You did a good job of it.

Mr. Nowlan: We did no job of it.

An hon. Member: That is right; you made a mess of it.

Mr. Nowlan: That is a plain statement of fact; we were politically inept. We are not as good politicians as you; we are not as crooked. I will give you an example. I refer to a colleague of the right hon. Prime Minister (Mr. Pearson) who is not here in the house now but who holds a very distinguished position and is still living in Ottawa. He was a minister of finance, and one of the most distinguished ministers of finance. He was bothered in a different way; he had surpluses. He budgeted for them. I recall one year when I was here when he budgeted for a surplus of $20 million, but he ended up with a surplus of almost $500 million. It was really a pathetic experience, but it was easy to see the little thing that was done. There were corporate assets which had been written off. He activated the assets, then distributed them and took off about $50 millon or $60 million off his surplus, and he was trying that way to reduce his surplus.

Conversely, there is a very good way of reducing deficits. For instance, if you happened to be writing off the N.R.U. reactor during this year then possibly you would decrease that deficit to quite an extent. I remember another time when there were loans to the old age security fund which were inactive. They were brought back into an active asset and they were paid off out of the surplus. Those are just two or three little things which were done by very adept and politically astute—which I was not—ministers of finance from the Liberal party, hiding the surpluses which they had incurred and then trying to get rid of them.

I am not saying it is wrong, but we are not necessarily accepting the estimated budgetary deficit which appears in the white paper as it was brought down, and we will have a full opportunity to discuss that matter, I hope in the reasonably near future, when the accounts will be validated, and we can go into detail at that time.

I was referring to deficits. We had deficits of over $3,525 million. I am not giving the odd figures. No, I beg your pardon, Mr. Speaker, I have got the wrong column here.

An hon. Member: And the wrong speech.

Mr. Nowlan: As I said, I am not very politically adept. We paid additional moneys to the provinces of $3,525 million during the years we were in office, and during the same time our accumulated deficit was $2,862 million, so if our government, which was led by the right hon. Leader of the Opposition, had continued to pay to the provinces on the same generous scale at which my hon. friends opposite were paying, we would have had a surplus of over $662 million. I think it is well for the country to bear those figures in mind when we talk about the deficit, and the fact that we ran so many deficits.

We have heard talk about unemployment. There is unemployment, Mr. Speaker, and there is no question about that, but the degree of unemployment is less now than it was. I realize, and I am sure all hon. members of the house realize, that unemployment to a man or woman who is unemployed is a personal tragedy. Everyone feels that; everyone knows it, but I know of no government that did more to try to deal with the problem of unemployment than the government to which I belonged.

It is not a new problem. One would almost think, listening to the Liberal party, that it was something which grew up under our

regime, but this afternoon as a mental exercise I was looking back through some budget speeches and I found that R. B. Bennett in 1930 said the fundamental problem was unemployment.

Mr. Macdonald: Did he fix it?

Mr. Nowlan: Of course he inherited from the Liberals when he took office. I also noticed that our good friend, our mutual friend, Milton Gregg, when he was minister of labour, on the same day in February 1955 when either Mr. Abbott or Mr. Walter Harris, I forget which, brought in a budget, referred to the fact that there were 613,000 people unemployed then. Mind you, Mr. Speaker, the Tories were not in power then. Hon. gentlemen opposite were in power, and there were 613,000 people unemployed as of that day in February, 1955. I have the page in *Hansard* where that reference can be found. As I have said, it is not a new problem, and it is not one for which we are prepared to accept any more than our share of responsibility.

The Minister of Finance became very ecstatic a few moments ago about the $400 million municipal loan fund and about what could be done to correct unemployment with that. I hope he is correct; I hope he is right. Undoubtedly it can make some improvement on unemployment for the time being, but I would point out and remind the house that according to the figures produced a few days ago by my hon. friend, the former minister of labour, during the time we were in power, under the municipal works program over $900 million was spent to try to correct unemployment; yet we were told there was nothing done, it was not worth anything and was no help whatsoever. I would remind the Minister of Finance of that situation when he is looking forward so ecstatically to what will be done under the municipal loan fund.

I am not going to deal at length with any of the provisions which the Minister of Finance referred to tonight. Some doubtlessly have some merit in them, but they are of a nature that one would not want to speak casually or quickly about them. But I am quite sure of this, that if the tax exemption on building materials is withdrawn it is going to cost a little bit more to build a house, and I do not think adjustments made under the National Housing Act will compensate for that.

Yesterday or the day before we heard the Minister of Labour talking about throwing five hundred dollar bills around during the winter to help build houses. I was reminded of the old contractor who had become very wealthy, who was a national character, who lived in Ottawa and who used to throw one hundred dollar bills and ten dollar bills around. So far as unemployment is concerned I am sure if that same gentleman returned to life today, climbed the peace tower and started throwing hundred dollar bills from it, he would do as much good as paying this $500 for the building of houses. Now having seen the withdrawal of the tax exemption on building materials I do not think this $500 subsidy is going to compensate for that.

All this will be considered when the debate is resumed again, and when it is resumed I hope we will be able to discuss it in a better mood than it has been tonight, and that there will be no platitudes and personalities interjected.

Mr. Speaker, I move the adjournment of the debate.

On motion of Mr. Nowlan the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Churchill: Will the house leader inform us what is the business for tomorrow and when the budget debate will be resumed?

Mr. Pickersgill: The business for tomorrow will be first the resolution preceding the bill to establish the department of industry, and when that is completed—I hope I am right in saying "when"—we will resume the debate on the resolution preceding the municipal development and loan board bill. I would prefer to confer with hon. gentlemen opposite before announcing when the budget debate will resume or what will be the program for next week.

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

BUDGET PAPERS

presented by

the Honourable Walter L. Gordon, M.P.,

for the information of Parliament

in connection with the Budget of 1963-1964

28902-5—67

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1962, 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, the Bank of Canada 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, 1963.

ERRATA

Page 5, Paragraph 5, last sentence should read:
As capital began to flow back, interest rates were reduced from their summer peak and by the end of the year were not much above the rates in January.

Page 29, Paragraph 3, last sentence should read:
Approximately three-quarters of the 1.2 per cent increase in consumer prices in 1962 took place in the latter half of the year.

Page 47, Paragraph 1, second sentence should read:
At about the same time downward pressure on the Canadian exchange rate intensified, and on May 2 the Government announced the introduction of a fixed rate of Can. $1.00=$0.925.

Page 48, Paragraph 1, line 10, "to bring up the offerings" should read "to buy up the offerings."

Page 50, Paragraph 6, second sentence, delete "net new security issues in the capital market."

PART I

ECONOMIC REVIEW OF 1962

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The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1962 estimates are preliminary and subject to revision.

28902-5—67½

PART I

ECONOMIC REVIEW OF 1962

GENERAL

The normal cyclical recovery which had begun in the early months of 1961 slowed appreciably in the course of 1962. The western grain crop was better than average, in contrast to the 1961 crop which was not much more than half the recent average and this improvement helped to offset the effects of the slowdown in the non-agricultural sector. The Gross National Product in 1962 was about 8 per cent above that of 1961, but prices rose about 1.7 per cent and consequently the increase of G.N.P. in real terms was about 6.2 per cent on a year-to-year basis. From the fourth quarter of 1961 to the fourth quarter of 1962 (which covers the course of 1962), real non-agricultural output increased by about 4 per cent.

In the seven calendar quarters since the recovery began, and for which latest data are available, expenditures on goods and services both by persons and by provincial and municipal governments rose less rapidly than in comparable periods of the two preceding upswings. Investment, while stronger than in the rather weak recovery of 1958–1959, failed to provide the continuing stimulus to the economy which had characterized the 1954–1956 upswing. Two factors contributing to the current recovery were an improvement in the current account of the balance of payments and the already-noted increase in farm output, which was reflected in an accumulation of farm inventories.

Non-agricultural employment in both goods-producing and service industries increased until about mid-1962, and then showed no clear trend to the end of the year. For the year as a whole, non-agricultural employment was 3.5 per cent higher than in 1961. Agricultural employment continued to decline. The increases in employment took place throughout the various regions of the country, but were smallest (both in absolute and relative terms) in the Atlantic Provinces. For rather special reasons, the labour force grew at a much slower pace than in recent years. As a consequence, unemployment declined from over 7 per cent in 1960 and 1961 to just under 6 per cent in 1962.

Prices and costs rose slightly more in 1962 than they had in 1961. The decline in value of the Canadian dollar and the imposition of tariff surcharges at the time of the mid-year exchange crisis were contributing factors. At the same time prices and costs in other industrialized countries increased more rapidly than did Canadian prices and costs. As a result of this and the new exchange rate the Canadian competitive position improved.

The exchange crisis which developed during the spring of 1962 was accompanied by instability in financial markets. On June 24th drastic measures were taken to deal with the situation including the introduction of a fixed Bank Rate at 6 per cent, a major reduction in the money supply, and the imposition of tariff surcharges. Massive financial assistance was received from abroad. The flight of capital was halted and, after an interval, it was induced to return. As capital began to flow back, interest rates were reduced from their summer peak and by the end of the year were not much above the rates in January.

The following sections discuss the above developments in more detail.

THE NATIONAL ACCOUNTS

National Income and Product

The Gross National Product rose from the first quarter of 1961 through to the fourth quarter of 1962. The expansion during 1961 was fairly rapid, as is typical in the early months of a cyclical upswing. By the end of 1961 the expansion

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

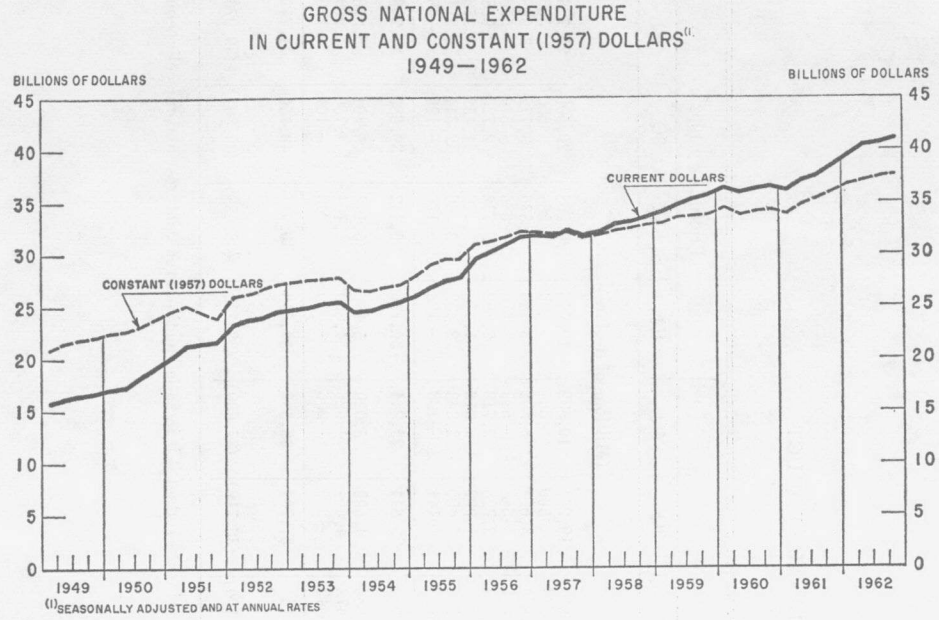
(Seasonally Adjusted at Annual Rates)

—	1961				Preliminary 1962			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Wages, salaries, and supplementary labour income	18,588	18,908	19,244	19,532	19,940	20,268	20,500	20,728
2. Military pay and allowances	532	544	560	564	600	588	600	556
3. Corporation profits before taxes and before dividends paid to non-residents	2,972	3,424	3,612	3,832	3,720	3,836	3,772	3,968
4. Deduct: Dividends paid to non-residents[1]	−736	−532	−548	−532	−576	−636	−512	−556
5. Rent, interest, and miscellaneous investment income	2,560	2,512	2,728	2,712	2,692	2,732	2,720	2,928
6. Accrued net income of farm operators from farm production[2]	1,040	952	992	916	1,416	1,420	1,452	1,276
7. Net income of non-farm unincorporated business	2,184	2,224	2,400	2,348	2,432	2,360	2,344	2,384
8. Inventory valuation adjustment[3]	56	−52	−144	−128	−108	−176	−196	−48
9. **National Income** (1+2+3+4+5+6+7+8)	**27,196**	**27,980**	**28,844**	**29,244**	**30,116**	**30,392**	**30,680**	**31,236**
10. Indirect taxes less subsidies	4,596	4,656	4,592	5,020	5,152	5,192	5,424	5,276
11. Capital consumption allowances and miscellaneous valuation adjustments	4,492	4,472	4,564	4,628	4,660	4,704	4,756	4,900
12. Residual error of estimate	−48	40	−296	−296	−380	−240	−104	−160
13. **Gross National Product at Market Prices** (8+9+10+11+12)	**36,236**	**37,148**	**37,704**	**38,596**	**39,548**	**40,048**	**40,756**	**41,252**
14. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators)	(35,196)	(36,196)	(36,712)	(37,680)	(38,132)	(38,628)	(39,304)	(39,976)

[1] Includes withholding tax applicable to this item. Since the withholding tax is also part of National Product it is included again in rent, interest and miscellaneous income. Also includes some net profits of non-Canadian non-financial corporations.

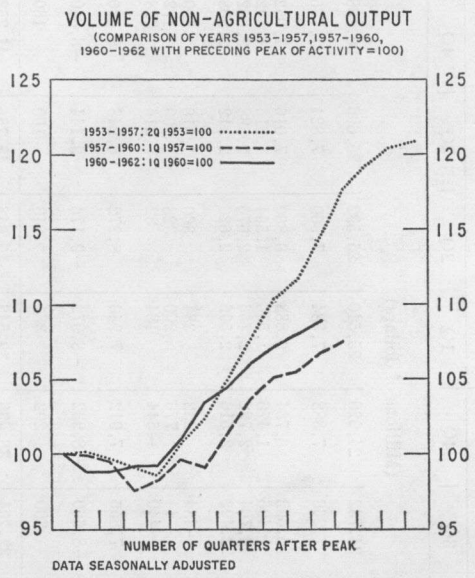
[2] Includes accrued earnings arising out of the operations of the Canadian Wheat Board.

[3] See footnote 2, Table 2.



began to moderate and throughout 1962 was less than during the preceding year. (See Table 1 and the accompanying chart.) In 1962, there was an improved agricultural output. As a result of drought conditions in the Prairies the grain crop in 1961 was far below normal, while in 1962 the western wheat crop amounted to 540 million bushels, about double that of the preceding year. Agricultural prices in 1962 were higher, and the combination of better crops and higher prices added about $400 million to the Gross National Product, which rose by 8 per cent. Prices were 1.7 per cent above 1961, while the volume of economic activity rose by 6.2 per cent. The accompanying chart and Table 5 show that since the beginning of 1961 the gains in the value and volume of output exceeded that of the immediately preceding upswing in 1958–1959 but were below those of 1954–1955. By the fourth quarter of 1962, the volume of non-farm real output was almost 10 per cent above the low point of activity in the first quarter of 1961 and had exceeded the previous cyclical peak by 9 per cent.

In 1962, output in the goods-producing industries was about 8 per cent above 1961. The increases in output during 1962 were considerably smaller than those which took place during the initial period of the upswing in 1961. Apart from agriculture, output in 1962 in other goods industries was between 6 and 7 per cent above 1961. This gain was distributed among all major industries. Manufacturing production rose by 8 per cent with durable goods production showing an increase of 11 per cent. Part of the explanation of this is the more volatile nature of durable goods production, with this group declining more rapidly in downswings and increasing more rapidly in upswings. Nevertheless, by the fourth quarter of 1962 output in durable goods industries was 12 per cent above the previous cyclical peak in the first quarter of 1960, while, as previously noted, non-agricultural output increased by 9 per cent during this thirty-three month period.



Output in the non-durable goods sector was about 5 per cent higher in 1962 than in 1961. There was almost no change in non-durable goods output in the course of 1962. In the year-over-year comparison, the largest gains were made in rubber products, clothing, textile, paper products, petroleum products and chemical industries. Other non-durable goods industries showed more moderate gains in the same comparison.

The forestry, fishing and trapping industries also showed year-over-year increases. The output and distribution of electric power and gas utilities rose by more than 6 per cent, or about in line with total real output, in the year-over-year comparison. In the construction industry, output was about 1½ per cent higher in 1962, due mainly to increased activity in housing.

Mining output in 1962 was 8 per cent above 1961. The gains were somewhat uneven. Production of metals did not increase as much as other sections of the industry: there was some gain in copper output, while nickel output was very much higher in the first half of 1962 than in 1961, but fell below year-earlier levels in the second half in the light of inventory adjustments. Output of non-metallic minerals, especially asbestos, increased, as did output of fuels, notably natural gas and petroleum, where exports to the United States increased, along with domestic consumption. Iron ore output also increased, reflecting increasing foreign as well as domestic demand and the opening up of new facilities. Output of zinc showed some gain, while that of lead and uranium declined.

Output in the service industries rose by about 4 per cent in 1962, about in line with the average rate of increase in the past decade.

Turning to the flow of incomes in 1962, all major groups showed increases over 1961.

Corporation profits typically drop sharply during cyclical downturns and rise very sharply in the early stages of an upswing. Profits increased by 29 per cent from the first to the fourth quarter of 1961 and then maintained a fairly level rate of about $3.8 billion throughout 1962, which was 11 per cent above the average of 1961. In the fourth quarter of 1962 profits were close to $4 billion. The increases in profits may be attributed to expansion of output, relative stability of costs and the reduction in the exchange rate of the Canadian dollar.

TABLE 2

GROSS NATIONAL EXPENDITURE

(Seasonally Adjusted at Annual Rates)

—	1961				Preliminary 1962			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Personal expenditure on consumer goods and services	23,920	24,372	24,732	24,920	25,540	25,592	25,696	26,168
2. Government expenditure on goods and services	7,088	7,076	7,268	7,388	7,384	7,900	7,824	7,776
3. Business gross fixed capital formation[1]	6,564	6,500	6,692	6,784	6,888	6,860	7,016	7,052
New residential construction	1,412	1,448	1,496	1,476	1,536	1,564	1,616	1,592
New non-residential construction	2,604	2,632	2,704	2,792	2,756	2,676	2,588	2,652
New machinery and equipment	2,548	2,420	2,492	2,516	2,596	2,620	2,812	2,808
4. Value of physical change in inventories—total[2]	−268	−56	−484	232	384	360	1,016	500
Non-farm business inventories	—	372	−44	776	200	328	800	172
Farm inventories and grain in commercial channels	−268	−428	−440	−544	184	32	216	328
5. Exports of goods and services[3]	7,264	7,492	7,856	7,912	7,940	8,272	8,248	8,436
6. Imports of goods and services[3]	−8,380	−8,196	−8,660	−8,932	−8,972	−9,176	−9,144	−8,840
7. Residual error of estimate	48	−40	300	292	384	240	100	160
8. **Gross National Expenditure at Market Prices** (1+2+3+4+5+6+7)	**36,236**	**37,148**	**37,704**	**38,596**	**39,548**	**40,048**	**40,756**	**41,252**

[1]Includes private businesses and institutions, and publicly owned business enterprises.

[2]The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

[3]Minor adjustments have been made to the figures of current receipts and payments shown in Table 29 to achieve consistency with the other component series.

TABLE 3

GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS

(Seasonally Adjusted at Annual Rates)

	1961				Preliminary 1962			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Personal expenditure on consumer goods and services	22,580	23,008	23,276	23,416	23,912	23,828	23,784	24,136
2. Government expenditure on goods and services	6,472	6,464	6,604	6,636	6,544	6,948	6,836	6,716
3. Business gross fixed capital formation	6,072	6,012	6,176	6,228	6,268	6,192	6,284	6,284
New residential construction	1,288	1,320	1,364	1,340	1,376	1,392	1,424	1,396
New non-residential construction	2,424	2,444	2,520	2,584	2,532	2,440	2,352	2,396
New machinery and equipment	2,360	2,248	2,292	2,304	2,360	2,360	2,508	2,492
4. Value of physical changes in inventories—total	−292	−56	−480	256	416	396	960	424
Non-farm business inventories	8	388	−52	744	204	316	760	156
Farm inventories and grain in commercial channels	−300	−444	−428	−488	212	80	200	268
5. Exports of goods and services	7,116	7,340	7,584	7,568	7,536	7,776	7,724	7,880
6. Imports of goods and services	−8,084	−7,908	−8,148	−8,308	−8,248	−8,332	−8,288	−8,008
7. Residual error of estimate	44	−36	280	272	356	220	92	144
8. **Gross National Expenditure in Constant (1957) Dollars** (1+2+3+4+5+6+7)	**33,908**	**34,824**	**35,292**	**36,068**	**36,784**	**37,028**	**37,392**	**37,576**

Labour income rose to an annual rate of $20.7 billion in the fourth quarter of 1962, almost 12 per cent above the first quarter of 1961. During this period, average hourly earnings in manufacturing rose by about 5½ per cent while the length of the work week increased by one per cent. The number of non-farm employees was 5.5 per cent higher in the fourth quarter of 1962 than in the first quarter of 1961.

Rent, interest and miscellaneous investment income and net income of non-farm unincorporated business all increased in 1962.

Net farm income, which includes changes in farm inventories, showed a very large increase over 1961, due mainly to the big increase in the western grain crop. Net farm income averaged $1.4 billion, about 43 per cent above the low level of 1961. Farm cash income was maintained in 1961 by a substantial drawing down of farm stocks. In 1962 farm inventories increased moderately. Farm cash income in 1962 was 4.3 per cent above that of 1961.

National Expenditure

Since the beginning of the upswing in the early months of 1961, all of the major components of demand have shown some increase. Accompanying Tables 4 and 5 provide analytical detail of the components of Gross National Expenditure for the first seven quarters of upswing following the low points of activity in 1954, 1958 and 1961. These tables supplement and fill out the broad picture outlined in the chart on page 7. Table 4 shows how much the absolute change in the various G.N.E. components contributed to the total change in G.N.E. (and output). Table 5 shows the percentage change in the G.N.E. components for the relevant seven quarter periods.

As may be seen from Table 4, the most important contributors to the current upswing in demand have been consumer demand, exports, and outlays by provincial and municipal governments for goods and services (including large sums for capital outlays financed by the federal government). Business investment has played only a modest role so far, as the relative increase in non-farm business inventories has been smaller than in preceding upswings. Imports have supplied a much smaller amount of increase in total demand in the upswing so far, compared to earlier upswings, and domestic output has consequently been that much larger.

TABLE 4

PER CENT CONTRIBUTION OF GNE COMPONENTS TO TOTAL CHANGE IN GNE SEVEN QUARTERS AFTER TROUGH

	1954–1956	1958–1959	1961–1962
Personal expenditure on consumer goods and services	43.0	60.1	45.8
Non-Durable goods	*18.0*	*23.0*	*21.4*
Durable goods	*7.5*	*5.3*	*9.6*
Services	*17.5*	*31.8*	*14.8*
Government expenditures on goods and services	12.8	16.7	14.0
Federal	*1.9*	*−1.3*	*−0.4*
Provincial and Municipal	*10.9*	*18.0*	*14.4*
New residential construction	8.2	2.6	3.7
New non-residential construction	11.4	−6.7	1.0
New machinery and equipment	7.6	3.5	5.3
Non-farm business inventories	25.7	27.6	3.5
Farm inventories and grain in commercial channels	7.3	2.3	12.2
Exports of goods and services	20.8	20.3	23.9
Imports of goods and services (−)	−36.8	−26.4	−9.4
GNE (ex. error)	100.0	100.0	100.0

Trough periods are 2Q 1954, 1Q 1958 and 1Q 1961.

For the seven quarters since the upturn of early 1961, the increase in exports of goods and services has exceeded the increase in imports of goods and services. Because of this the economy has received a net stimulus from international trade since the beginning of the upturn. By contrast, in the first seven quarters of the two preceding upswings, the balance of international trade acted in the opposite direction.

Table 5 shows that the expansionary effect of the balance of payments in the current upswing has come about both from the export side as well as the import side. The increase in exports of goods and services currently has exceeded that of 1958–1959, although below that of 1954–1955. By contrast, imports of goods and services have risen less than exports in the current period, and by substantially less than imports in the two preceding periods. Some further analysis of this appears in the section on Balance of International Payments.

TABLE 5

CHANGES IN COMPONENTS OF GROSS NATIONAL EXPENDITURE OVER THREE POST-WAR EXPANSIONS

(Seven Quarters after Trough)

	1954–1956	1958–1959	1961–1962
	Per cent change 7 Quarters after 2Q 1954 trough	Per cent change 7 Quarters after 1Q 1958 trough	Per cent change 7 Quarters after 1Q 1958 trough
Personal expenditure on consumer goods and services	+13.7	+10.5	+9.4
Non-Durable goods	*+10.7*	*+7.8*	*+8.7*
Durable goods	*+19.7*	*+7.9*	*+18.5*
Services	*+16.1*	*+15.3*	*+7.8*
Government expenditure on goods and services	+14.6	+10.3	+9.7
Federal	*+3.9*	*−1.7*	*−0.7*
Provincial and Municipal	*+27.3*	*+21.0*	*+16.8*
New residential construction	+36.0	+5.9	+12.7
New non-residential construction	+35.4	−8.5	+1.8
New machinery and equipment	+19.4	+5.2	+10.2
Non-farm business inventories	(+$1308m.)	(+$1008m.)	(+$172m.)
Farm inventories and grain in commercial channels	(+$372m.)	(+$84m.)	(+$596m.)
Exports of goods and services	+20.7	+11.7	+16.1
Imports of goods and services	+33.5	+13.2	+5.5
Gross National Expenditure at Market Prices	+20.0	+11.0	+13.8
Final Demand (ex. inventories)	+17.4	+8.8	+10.3
GNE in Constant (1957) Dollars	+16.8	+6.3	+10.8
Real Non-agricultural Gross Domestic Product	+16.0	+8.7	+9.7

The role of fixed investment has varied in the first seven quarters of the three business upswings. In the current period, the increases in both housing and business investment have been greater than in the 1958–1959 period. This partly reflects the fact that, in this earlier period, adjustments were taking place following the high levels reached in the investment boom of the mid-1950's. Compared to the 1954–1955 period, investment in the current upswing has been a less dynamic force. That is to say, investment has increased at somewhat less than the rate of total output, whereas in 1954–1955, the increase in investment was substantially above that of total output.

Government spending on goods and services increased somewhat less rapidly during the current expansion than in the two preceding. The entire increase has been accounted for by provincial and municipal governments (although it should be noted that a substantial part of the capital outlays by these governments has been financed by the federal government).

The smaller relative increase in non-farm inventories in the current upswing has already been noted and is related, in part at least, to the ready availability of supplies, greater consciousness of costs of carrying excessive inventories, improved methods of inventory control and to the adaptation of business decisions to a non-inflationary environment. The larger increase in farm inventories during 1962 reflects the far below average grain crop in 1961 and the larger than average crop in 1962.

Consumer spending rose less rapidly in the current upswing than in the two preceding periods (Table 5) and accounted for a considerably smaller share of the total increase in G.N.E. than in 1958–1959 and about the same as in 1954–1956 (Table 4). In the seven quarters beginning early in 1961, consumer spending on both non-durable goods and, in particular, on durable goods (reflecting the latest upsurge in new car buying) increased more rapidly than in the 1958–1959 period, although less rapidly than in 1954–1955. In the current period increases in spending on consumer services were below those of the two preceding upswings. The slower rise in services is partly attributable to smaller price increases in the current period than in the preceding upswings.

Turning briefly to developments in 1962 alone, the same broad picture obtains as that described for the entire expansion begining early in 1961.

Consumer spending rose moderately throughout 1962, with some variation by components. Expenditures on non-durables and services increased generally throughout the year, and following an increase in the first half of the year there was a decline in durable goods spending in the third quarter, due to a shortage of new model cars. For the year 1962 as a whole, new passenger car sales rose about 15 per cent to an estimated 504,000 vehicles. Sales of North American models rose about 28 per cent, while sales of European models declined by about 26 per cent.

Government expenditure on goods and services increased in the first half of 1962 and then subsequently declined, due entirely to lower expenditures at the federal level, as provincial and municipal expenditures rose in the final half of the year.

Housing outlays were higher throughout 1962, at an annual rate of about $1,580 million, 8 per cent above the 1961 average. Housing starts rose in the first half of the year and then following some decline remained relatively stable. For 1962 as a whole, housing starts were about 130,000, compared with 126,000 in 1961. Housing completions moved irregularly within 1962, and totalled about 127,000, compared with 116,000 units in 1961. The number of single dwellings started in 1962 showed some decline within the year, while multi-unit dwellings (e.g., apartments) showed some increase. Further comments on housing are contained in the section on financial developments.

Quarterly data on business fixed investment indicate that new non-residential construction declined slightly to the third quarter and then rose to about the annual rate of $2.7 billion in the fourth quarter, approximately the same as the 1961 annual figure. Investment in new machinery and equipment increased steadily to a rate of $2.8 billion in the last half of the year and for 1962 as a whole it was about 9 per cent above the 1961 annual average.

Non-farm inventories showed a small accumulation in the first half of 1962 and then were built up rapidly at an annual rate of $800 million in the third quarter. The following table shows that the accumulation took place at the manufacturing and retail levels.

TABLE 6
CHANGES IN NON-FARM BUSINESS INVENTORIES
(Seasonally Adjusted at Annual Rates)

	1962				
	1Q	2Q	3Q	4Q	Year
	(Millions of dollars)				
Manufacturing	128	−12	396	156	167
Durables	−52	80	204	144	94
Non-Durables	180	−92	192	12	73
Wholesale	−48	−96	72	132	15
Retail	−40	232	388	−16	141
Other Industries	160	204	−56	−100	52
Total	**200**	**328**	**800**	**172**	**375**

Some of the increase in inventory holdings, which affected a number of industries, took place against a rising level of production in manufacturing, although the ratio of stocks to shipments increased somewhat. However, the rate of increase was too rapid to be accounted for by production needs alone, and some of the increase was undoubtedly related to the effects of the exchange emergency, which might have resulted in some anticipatory buying. By the early months of the fourth quarter, the rapid increase in manufacturing inventories came to an end, and for the fourth quarter as a whole, non-farm business inventories were being accumulated at a more moderate rate.

Exports rose in the first half of 1962, were steady in the third quarter, then rose again in the fourth. Imports, on the other hand, rose in the first half, were steady in the third quarter, then declined in the fourth quarter. The result of these movements was that the current account deficit (on the National Accounts basis) declined throughout the year from an annual rate of $1.0 billion in the first quarter to $0.9 billion in the second and third quarters, and to $0.4 billion in the fourth. A more complete analysis of the balance of payments is given in a subsequent section.

Personal Income and its Disposition

Personal income for 1962 was 8.0 per cent above 1961, in line with the increase in Gross National Product. During the course of 1962, the expansion of personal income was slower than during the earlier part of the upswing in 1961. All of the major components showed year-to-year increases.

TABLE 7
SOURCES OF PERSONAL INCOME

—	1959	1960	1961	Prelim. 1962
	(Millions of dollars)			
1. Wages, salaries and supplementary labour income..	17,459	18,251	19,068	20,359
Deduct: Employer and employee contributions to social insurance and government pension funds	−652	−745	−787	−816
2. Military pay and allowances	496	509	550	586
3. Net income received by farm operators from farm production	1,126	1,178	949	1,402
4. Net income of non-farm unincorporated business	2,210	2,213	2,289	2,380
5. Interest, dividends and net rental income of persons.	2,599	2,836	2,985	3,186
6. Transfer payments to persons—				
(a) from government (excluding interest)	2,755	3,129	3,408	3,652
(b) charitable contributions made by corporations	43	40	44	45
7. **Personal Income** (1+2+3+4+5+6)	**26,036**	**27,411**	**28,506**	**30,794**

Among the components, wages, salaries and supplementary labour income rose throughout the year although at a diminishing rate. Farm income was very much higher in 1962 due mainly to a large grain crop following upon the small crop in the preceding year. Substantial payments by the Canadian Wheat Board raised farm income considerably in the second quarter of 1962. Income of unincorporated business in 1962 was 4.0 per cent above the 1961 annual average due to increases in net income from retail trade, construction, community services. Interest and dividend payments to persons fell slightly from the fourth quarter of 1961 to the first quarter of 1962 and then increased to the fourth quarter of the year. The increase during 1962 in transfer payments from government (excluding interest) reflected in part the increase in payments from the Old Age Security Fund, which more than offset the lower unemployment insurance benefit payments.

TABLE 8

DISPOSITION OF PERSONAL INCOME

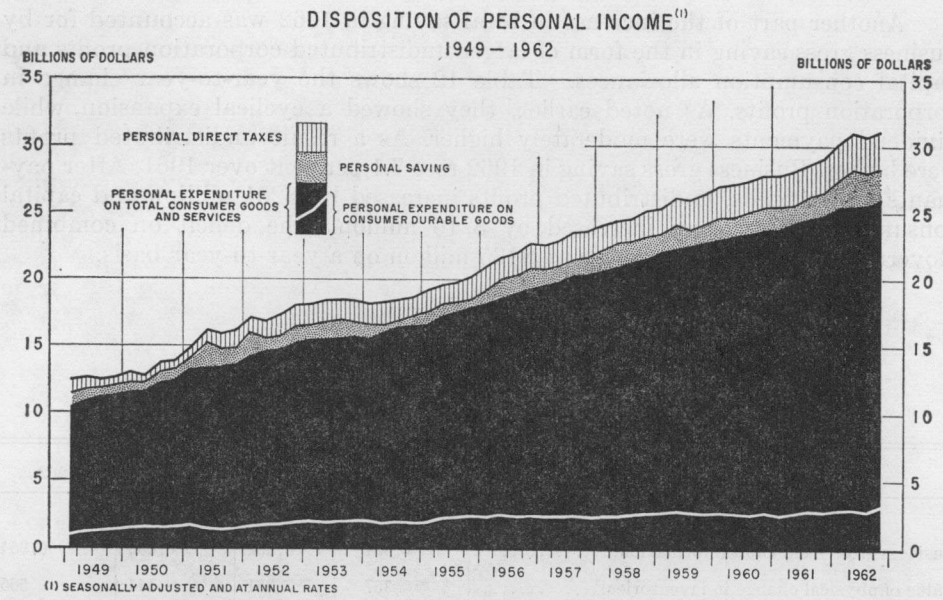
—	1959	1960	1961	Prelim. 1962
	(Millions of dollars)			
1. Personal direct taxes—				
(a) income taxes	1,744	1,978	2,131	2,311
(b) succession duties and estate taxes	130	158	144	166
(c) miscellaneous duties	214	224	236	237
Total direct taxes	2,088	2,360	2,511	2,714
2. Personal expenditure on goods and services—				
Goods—				
(a) non-durable	11,373	11,785	12,257	12,877
(b) durable	2,678	2,669	2,697	2,913
Services	8,540	9,058	9,532	9,959
Total consumer expenditures	22,591	23,512	24,486	25,749
3. Personal saving—				
Total personal saving	1,357	1,539	1,509	2,331
4. **Personal Income** (1+2+3)	**26,036**	**27,411**	**28,506**	**30,794**
5. Personal Disposable Income (4−1)	23,948	25,051	25,995	28,080

Personal disposable income followed somewhat the same pattern as personal income during 1962 and was 8.0 per cent higher than in 1961. Personal direct taxes at all levels of government (including, in addition to personal income taxes, succession duties, and miscellaneous taxes) were about 8 per cent higher than in 1961, while personal income tax payments rose 8.3 per cent from the first to the fourth quarter. Personal saving, i.e., personal disposable income less personal spending, increased from the first to the second quarter, and then declined to the end of the year.

TABLE 9

PERSONAL SAVING

—	1956	1957	1958	1959	1960	1961	1962
Personal saving as per cent of personal disposable income	6.5	5.7	7.1	5.7	6.1	5.8	8.3



For 1962 as a whole, personal saving, which includes changes in farm inventories, averaged 8.3 per cent of personal disposable income. Excluding the change in farm inventories, personal saving in 1962 was 7.8 per cent of disposable income, compared with 6.9 per cent in 1961.

Source and Disposition of Saving

Total saving, which comprises the savings of the personal, business and government sectors of the economy, rose from $5.7 billion in 1961 to $6.9 billion in 1962. As noted in the previous section, personal saving rose by about $800 million, and a substantial part of this increase reflected the higher levels of personal income which, in turn, was affected by the sharp increase in farm net income arising out of the performance of agricultural output in the two years. The counterpart to this element in personal saving is included in the accumulation of inventories in the table on Disposition of Saving.

TABLE 10

SOURCES OF SAVING

—	1959	1960	1961	Prelim. 1962
	(Millions of dollars)			
Personal net saving	1,357	1,539	1,509	2,331
Business gross saving—total	5,185	5,338	5,343	5,723
(a) Undistributed corporation profits	986	873	778	979
(b) Capital consumption allowances and miscellaneous valuation adjustments	4,204	4,459	4,539	4,755
(c) Adjustment on grain transactions	−5	6	26	−11
Inventory valuation adjustment	−122	−80	−67	−132
Government surplus (+) or deficit (−)	−556	−711	−905	−770
Residual error of estimate	−30	−99	−150	−221
Total	**5,834**	**5,987**	**5,730**	**6,931**

Another part of the increase in total saving in 1962 was accounted for by business gross saving in the form of larger undistributed corporation profits and capital consumption allowances. Table 12 shows the year-to-year change in corporation profits. As noted earlier, they showed a cyclical expansion, while dividend payments were moderately higher. As a result undistributed profits were higher. Business gross saving in 1962 rose 7.1 per cent over 1961. After payments of dividends, undistributed profits increased by $201 million and capital consumption allowances increased by $216 million. The deficit on combined Government Account was lower by $135 million on a year-to-year basis.

TABLE 11

DISPOSITION OF SAVING

—	1959	1960	1961	1962
	(Millions of dollars)			
Business gross fixed capital formation	6,894	6,692	6,635	6,954
Value of physical change in inventories	357	361	−144	565
Surplus (+) or deficit (−) in current account with non-residents	−1,448	−1,164	−911	−809
Residual error	31	98	150	221
Total	**5,834**	**5,987**	**5,730**	**6,931**

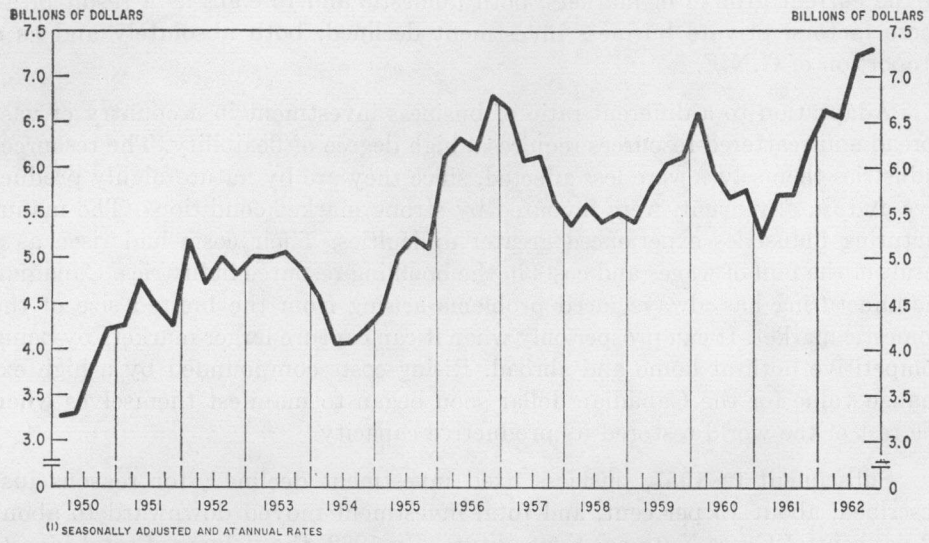
As between 1961 and 1962, the additional savings were matched by larger outlays for housing, business fixed investment and inventories, and by a smaller deficit on current international account. In 1961, as previously noted, the low value of the grain crop reduced both personal saving and farm inventories. In 1962, the accumulation of inventories, both farm and non-farm, provided the largest single increase in the disposition of saving. Most of the increase in non-farm business inventories occurred in the manufacturing and retail trade sectors. More detailed comments on fixed investment and the current international account appear in other sections of this White Paper.

TABLE 12

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1959	1960	1961	1962
	(Millions of dollars)			
Corporation profits before taxes including dividends paid to non-residents	3,504	3,359	3,460	3,824
Deduct: Corporation income tax liabilities	1,581	1,562	1,612	1,750
Excess of tax liabilities over tax collections	156	−104	61	95
Tax collections	1,425	1,666	1,551	1,655
Corporation profits after taxes	1,923	1,797	1,848	2,074
Deduct: Dividends paid out	937	924	1,070	1,095
Undistributed corporation profits	986	873	778	979

NATIONAL SAVING, BY QUARTERS, 1950-1962[1]



[1] SEASONALLY ADJUSTED AND AT ANNUAL RATES

Investment and Capital Expenditure

In the past few years, capital expenditures in Canada have amounted to about 22.0 per cent of Gross National Expenditure, a figure about in line with the earlier postwar years but below the levels and proportions of the period of the mid-1950's. The reasons for this changing level of capital expenditures are complex.

Canada entered the postwar era with an economy unimpaired by war damage, vastly extended in scope and depth, and capable of satisfying the needs arising from a conjuncture of factors, which led to high levels of investment. There were new industries and new skills to meet the accumulation of unsatisfied demand for consumer, social and industrial capital, as well as the needs of Europe and the rest of the world. The Korean War and the period immediately following brought with them new developments which gave additional emphasis to investment in Canada, particularly in resource areas. For example, world political developments, the increase in world commodity prices, the large scale stockpiling programmes and the high level of demand in the United States for industrial materials, all led to rapid increases in capital outlays and to the development of sources of raw materials in Canada.

The demands made on the Canadian economy led to sharp increases in imports of goods, services and know-how, and large numbers of trained immigrants entered the country to meet these greatly expanded manpower needs.

However, some investments by large scale enterprises, with strong financial positions, are often made with a very long time horizon and, because of this, some major classes of investment, over short periods of time, often tend to outstrip demand. In part this may be due to the over-optimism of some investors, at least in the short-run, and also to the excess capacity which results, from time to time, in a country growing up to its facilities. This has been the case in Canada over the past few years. Expectations have not been completely fulfilled as prices of primary products receded and alternative sources of supply

were developed by other countries. Capacity was being added at a rate in excess of the current growth of markets, both domestic and foreign; as a result of all these factors, private business investment declined, both absolutely and as a proportion of G.N.E.

Adaptation to a different ratio of business investment in a country of vast spread and scattered resources requires a high degree of flexibility. The resources industries themselves were less affected, since they are by nature highly productive and, in any event, were favoured by strong market conditions. The manufacturing industries experienced greater difficulties. Their costs had risen as a result of the pull of wages and costs in the booming resource industries. Canadian manufacturing has always faced problems arising from the limited size of the domestic market. It can prosper only when it can capture larger markets by being competitive both at home and abroad. Rising costs compounded by a high exchange value for the Canadian dollar soon began to manifest themselves when the rest of the world restored its productive capacity.

Subsequent to 1957, business fixed investment declined, for reasons just described, about 15 per cent, and total investment moved downward to about 22 per cent of Gross National Expenditure. By 1962, the volume of total investment was still 7 per cent below that of 1957. On the other hand, investment in housing and social capital absorbed a fairly steady proportion of total Gross National Expenditure. (See Table 13.). Investment in housing and social capital represents between one-third and one-half of all capital expenditure and includes, in addition to housing, outlays by government departments, institutions (e.g. hospitals and schools) and municipal waterworks. Investment in housing and social capital responds to population growth and migration, urbanization, increases in educational standards, and new policies, among others.

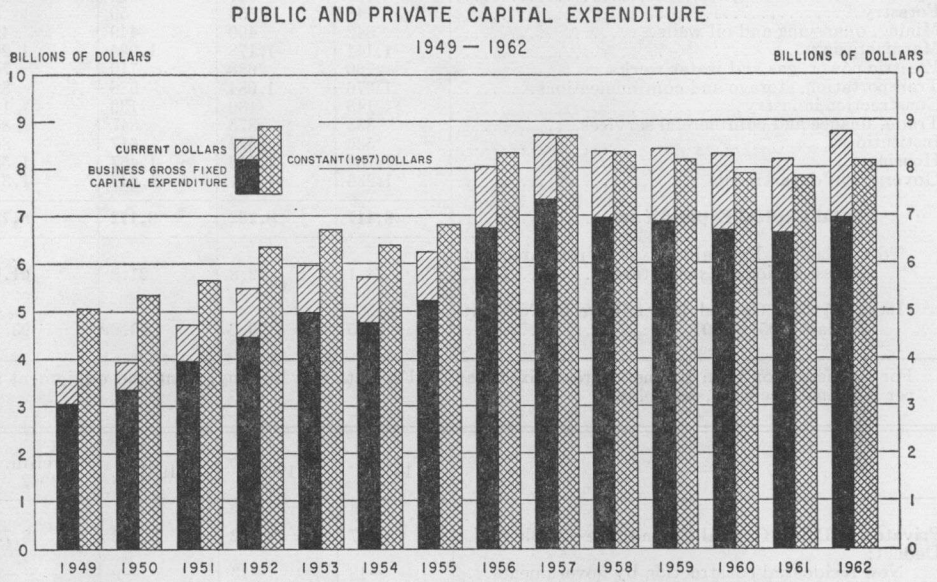
TABLE 13

INVESTMENT AS A PERCENTAGE OF GROSS NATIONAL EXPENDITURE 1948-1962

—	Total Private and Public Investment	Housing and Social Capital[1]	Business Investment, Private and Public[2]
1948	20.4	7.8	12.6
1949	21.7	8.7	13.0
1950	21.9	8.9	13.0
1951	22.4	8.6	13.8
1952	22.9	9.0	13.9
1953	23.9	9.4	14.5
1954	23.0	9.6	13.4
1955	23.0	9.8	13.2
1956	26.3	9.9	16.4
1957	27.3	9.6	17.7
1958	25.4	10.6	14.8
1959	24.1	10.4	13.7
1960	22.8	9.4	13.4
1961	21.8	9.1	12.7
1962	21.6	9.4	12.2

[1] Includes housing, outlays by government departments, institutions and municipal waterworks.
[2] Includes government business enterprises.

Turning to 1962, total private and public investment amounted to $8,738 million, 6.9 per cent above the level of 1961. Increased fixed investment in agriculture, manufacturing, institutions and government accounted for most of the increase. Capital expenditures by private business enterprises rose by 4.9 per cent in 1962.



Capital investment in agriculture increased 12.6 per cent, largely reflecting additional spending from higher farm incomes. In mining, an increase in demand for durable equipment more than accounted for increased investment in that sector of 6.5 per cent. In the manufacturing sector, increases in primary metals, metal fabricating, petroleum and coal products more than offset lower investment in food and beverages, wood, chemical and chemical products.

Capital expenditures in transportation, storage and communication declined in 1962, reflecting divergent movements. Investment by telephone utilities increased by $48 million while air transport, warehousing, oil and gas pipelines were down by approximately $135 million, due, in large part, to the completion of some major projects in 1961. Railroad investment also declined somewhat in 1962.

The increased investment in institutional services was entirely accounted for by larger capital investment in educational institutions which rose by $193 million compared with 1961. Outlays for technical and vocational schools accounted for a large part of this increase. Capital expenditures on housing were up 8.2 per cent in 1962 reflecting the completions during the year of housing starts that had been made in increased numbers in late 1961, and supplemented by an increase of 4.5 thousands of units of housing starts.

Capital expenditures in government departments rose 5.1 per cent in 1962. Increases in departmental outlays of provincial and municipal governments more than offset reduced investment outlays at the federal level.

TABLE 14

PRIVATE AND PUBLIC CAPITAL EXPENDITURE

—	1959	1960	1961	Prelim. 1962
	(Millions of dollars)			
Agriculture and fishing	539	550	576	648
Forestry	48	54	50	53
Mining, quarrying and oil wells	342	400	449	478
Manufacturing	1,144	1,178	1,085	1,231
Electric power, gas and water works	766	688	710	748
Transportation, storage and communications	1,076	1,084	988	885
Construction industry	145	130	136	143
Trade, finance and commercial services	833	875	847	847
Institutions	536	573	617	808
Housing	1,752	1,456	1,467	1,587
Government departments	1,236	1,274	1,247	1,310
Total Capital Expenditure	**8,417**	**8,262**	**8,172**	**8,738**
Total Capital Expenditure as a percentage of Gross National Expenditure	24.1	22.8	21.8	21.6
Index of total Capital Expenditure in Constant Dollars (1957=100)	93.5	90.2	89.6	93.1

For reconciliation with Business Gross Fixed Capital Formation in housing, plant and equipment as per National Accounts, see below.

—	1959	1960	1961	Prelim. 1962
Private and Public Capital Expenditure—Table 14	8,417	8,262	8,172	8,738
Deduct:				
New residential construction by governments	−18	−13	−9	−10
New non-residential construction by governments	−1,368	−1,420	−1,368	−1,587
New machinery and equipment outlays by governments	−137	−137	−160	−187
Business Gross Fixed Capital Formation in Housing, Plant and Equipment—National Accounts Definition	4,894	6,692	6,635	6,954

Revenue and Expenditure of All Governments*

Computed on the basis of the National Accounts definitions, expenditures in 1962 by all levels of government rose 7.0 per cent over 1961. Since revenues increased by 8.6 per cent during the same period, the deficit for all levels of government declined from $905 million in 1961 to $770 million in 1962. In the third and fourth quarters of 1962, the total deficit was running at an annual rate of $694 million, consisting of a federal deficit of $250 million and a deficit at provincial and municipal levels of $444 million.

In analyzing developments in 1962, it is necessary to keep in mind the new federal-provincial tax collection arrangements, which affected the levels of revenue and expenditure of the Federal Government and the revenues of provincial governments. As a consequence of the introduction of the new tax collection arrangements in the first quarter of 1962 and the continuation in that quarter of transfer payments to the provinces under the former tax rental agreements, the federal deficit in that quarter was irregularly high and the position of provincial-municipal governments was correspondingly affected.

* The following section discusses those government transactions relevant to the National Accounts. As a result the Statistics differ from those shown in Public Accounts. Table 18 indicates the reconciliation between federal deficit or surplus for purposes of the National Accounts and the comparable figures appearing in the Public Accounts.

TABLE 15

REVENUE AND EXPENDITURE OF ALL GOVERNMENTS

(National Accounts Basis)

—	1961			Preliminary 1962		
	Revenue	Expenditure	Deficit	Revenue	Expenditure	Deficit
	(Millions of dollars)					
Federal	6,668	7,121	−453	6,907	7,381	−474
Provincial—Municipal	5,586	6,038	−452	6,397	6,693	−296
Total	**12,254**	**13,159**	**−905**	**13,304**	**14,074**	**−770**

To compare on a national accounts basis government expenditure with Gross National Expenditure (which measures the expenditures on goods and services), it is necessary to limit the comparison to government outlays on goods and services (as distinct from outlays for transfer payments, etc.), since the former are the government outlays directly included in the Gross National Expenditure account. Transfer payments by government are reflected, of course, in the income of the personal sector.

In 1962, expenditures on goods and services by the three levels of government represented 19.1 per cent of the Gross National Expenditure, virtually unchanged from the proportion of 19.3 per cent in 1961, and slightly above the proportions of 18.6 per cent in 1960 and 1959. The slight increase since 1960 has been attributable to provincial and municipal governments. Since 1952, when the buildup in defence expenditures raised the proportion of government expenditures to Gross National Expenditure to approximately 18 per cent, the rise in government expenditures on goods and services has been very slightly in excess of the growth in Gross National Expenditure.

TABLE 16

GOVERNMENT OUTLAYS ON GOODS AND SERVICES AS A PROPORTION OF G.N.E.

—	1952	1960	1961	Prelim. 1962
Expenditures by:				
Federal—Defence	7.5	4.3	4.3	4.1
Non-defence	2.9	3.2	3.6	3.3
Total Federal	(10.4)	(7.5)	(7.9)	(7.4)
Provincial and Municipal	7.4	11.1	11.3	11.7
All levels of Government	17.8	18.6	19.2	19.1

Within the total, expenditures on goods and services by the Federal Government in 1962 represented a smaller share of total expenditures than in 1961. Defence and non-defence expenditures of the Federal Government were fractionally reduced while the proportion at the combined provincial and municipal levels was somewhat higher.

TABLE 17
OUTLAYS ON NEW CAPITAL GOODS BY ALL LEVELS OF GOVERNMENT

—	Construction	Machinery and Equipment	Total[1]	% of Capital Outlays to Total Government Expenditures on Goods and Services
	(Millions of dollars)			
1960	1,433	137	1,570	23.2
1961	1,377	160	1,537	21.3
1962[2]	1,597	187	1,784	23.1

[1] These figures exclude investment expenditure by government business enterprises which is included in the National Accounts item for business capital formation. Outlays for defence equipment are also excluded from these figures.
[2] Preliminary.

These expenditures on goods and services in the government sector of Gross National Expenditure include outlays by all levels of government on construction and capital equipment which, over the past several years, have represented a relative constant share, approaching one quarter of all government outlays on goods and services. In 1962 capital outlays by the provincial and municipal governments (partly financed by federal assistance) increased and accounted for some of the increase in total provincial and municipal expenditures on goods and services.

TABLE 18
GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

	1961	Prelim. 1962	Change
	(Millions of dollars)		
Government Revenue—			
Direct Taxes—Persons	2,511	2,714	+203
Federal	2,132	2,088	−44
Provincial and Municipal	379	626	+247
Direct Taxes—Corporations	1,612	1,750	+138
Income—			
Federal	1,311	1,328	+17
Provincial	301	422	+121
Other Direct Taxes—			
Withholding taxes—Federal	116	125	+9
Indirect Taxes	4,970	5,552	+582
Federal	2,190	2,400	+210
Provincial and Municipal	2,780	3,152	+372
Investment Income	1,130	1,211	+81
Federal	409	448	+39
Provincial and Municipal	721	763	+42
Employer and Employee Contributions to Social Insurance and Government Pension Funds	787	816	+29
Federal	510	518	+8
Provincial and Municipal	277	298	+21
Transfers from Federal Government—			
Provincial and Municipal	1,128	1,136	+8
Total Revenue	**12,254**	**13,304**	**+1,050**
Federal	6,668	6,907	+239
Provincial and Municipal	5,586	6,397	+811

TABLE 18—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

	1961	Prelim. 1962	Change
	(Millions of dollars)		
Government Expenditure—			
Goods and Services	7,205	7,721	+516
Federal—			
Defence	1,613	1,680	+ 67
Non-defence	1,361	1,328	− 33
Provincial and Municipal	4,231	4,713	+482
Transfer Payments to Persons	3,408	3,652	+244
Federal	2,015	2,122	+107
Provincial and Municipal	1,393	1,530	+137
Interest on Public Debt	1,164	1,274	+110
Federal	783	855	+ 72
Provincial and Municipal	381	419	+ 38
Subsidies	254	291	+ 37
Federal	221	260	+ 39
Provincial and Municipal	33	31	− 2
Transfer to Other Governments—			
Federal	1,128	1,136	+ 8
Total Expenditure	**13,159**	**14,074**	**+915**
Federal	7,121	7,381	+260
Provincial and Municipal	6,038	6,693	+655
Deficit (−) or Surplus (+)	**−905**	**−770**	**+135**
Federal [1]	−453	−474	− 21
Provincial and Municipal	−452	−296	+156
Total Expenditure minus deficit (or plus surplus)	**12,254**	**13,304**	**+1,050**
Federal	6,668	6,907	+239
Provincial and Municipal	5,586	6,397	+811

[1] Reconciliation with Public Accounts Surplus or Deficit shown below.

	1961	Prelim. 1962
	(Millions of dollars)	
Federal Government calendar year surplus for national accounts purposes	**−453**	**−474**
Difference between calendar and fiscal year	+247	−158
Difference between corporation tax accruals and government receipts	− 24	− 13
Revenue items omitted	+ 22	+ 23
Reserves, write-offs and similar items omitted from expenditure	− 50	− 79
Extra-budgetary funds for pensions and social insurance (net)	− 56	− 96
Other adjustments	− 26	+ 6
Federal surplus for fiscal year as per public accounts	**−340**	**−791**

At the federal level, revenues increased during 1962, following a decline in the first quarter which reflected the new tax collection arrangements. Revenues from direct taxation on persons were generally up, in line with increases in labour income and other personal income. Tax accruals on corporations were generally level throughout 1962, in line with the movement in corporation profits following a first quarter decline which was again attributable to the tax collection arrangement. Withholding tax revenue was somewhat higher in 1962. Federal

Government investment income moved irregularly during 1962, and was higher on a year-to-year comparison. Indirect taxes increased moderately in the first half of 1962 and then rose sharply in the third quarter, mainly due to increased custom duties, following the imposition of import surcharges on June 24, 1962, and subsequently levelled off in the fourth quarter.

Turning to federal expenditures in 1962, there was a decline in total outlays from the second to the fourth quarter. The decline was the result of a number of different movements. Outlays on goods and services increased from the first to the second quarter due to irregularly high defence outlays. In the third and fourth quarters federal outlays on goods and services declined, reflecting in part the reduction to more typical levels of defence spending and in part the reduction in budgetary expenditures, as part of the emergency measures announced in June.

Federal transfer payments to persons rose 5.3 per cent in 1962 mainly as a result of acreage payments to western grain producers, and an increased rate of Old Age Security payments.

Transfers to provincial and municipal governments declined from the first quarter to the second, then increased again in the third and fourth quarters. As previously noted, the last payments under the former tax rental agreements were made in the first quarter of 1962. In the third and fourth quarters, increases were related to payments under the Hospital Insurance and Diagnostic Services Act and the Technical Assistance and Vocational Training Act. (These latter transfer payments are reflected as outlays on goods and services by provincial and municipal governments.)

Turning to provincial and municipal government revenues, these increased in 1962. The new tax collection agreement resulted in higher direct taxes received by these governments. Revenues were also higher from retail sales taxes and real property taxes.

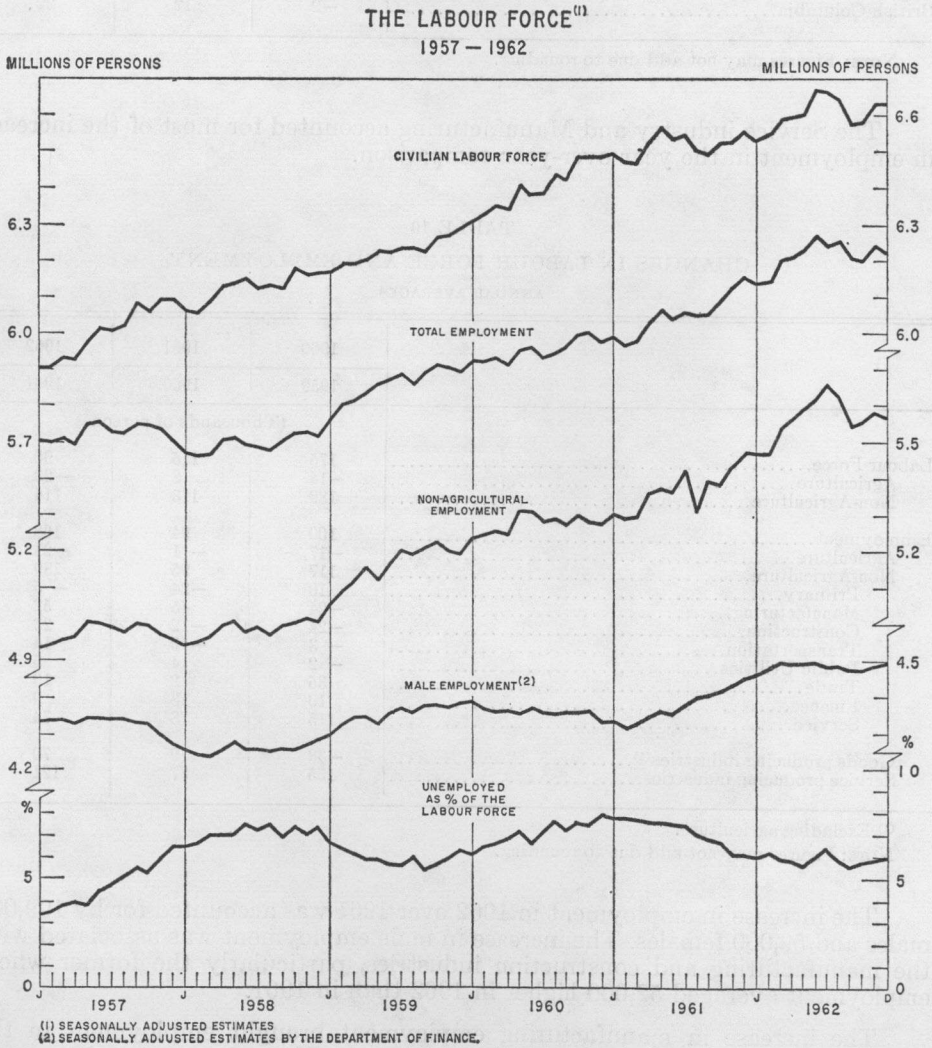
Provincial-municipal outlays on goods and services rose substantially from the first to the second quarter of 1962, and then more moderately in the third and fourth quarters. From the first quarter of 1961 to the fourth quarter of 1962, provincial-municipal outlays on goods and services increased by $708 million, about 17 per cent. As noted in Table 5, this rate of increase was below that of the two preceding upswings. In the current period, some of the increase in outlays has been in the form of outlays on technical and vocational schools, with federal financial assistance.

Transfers to persons by provincial-municipal governments rose throughout 1962, owing to larger payments to hospitals, educational institutions, as well as for social assistance.

EMPLOYMENT AND EARNINGS

Developments in the labour market for 1962 followed a pattern somewhat similar to that of economic activity. Based on comparisons of yearly averages, there was an increase in employment in both goods- and service-producing industries. On a year-to-year basis, total employment increased by 168,000 persons, about 2.8 per cent. The increase during 1962 itself was much smaller and, as measured by the change between the fourth quarter of 1961 and the fourth quarter of 1962, amounted to 100,000 persons, about 1.6 per cent. This

slowdown in employment gains after mid-year is evident from the accompanying labour force chart. At the same time, the total civilian labour force grew at a much slower rate than in recent years as many would-be entrants remained out of the labour force. As a result of these developments the rate of unemployment in 1962 averaged below that of 1961, 5.9 per cent compared with 7.0 per cent. The unemployment rate moved between $5\frac{1}{2}$ and $6\frac{1}{2}$ per cent during 1962, and ended the year at about the annual average. This high rate of unemployment was considerably above that of the earlier postwar Canadian period, and well above that of most other industrialized countries.



As in 1961, the year-to-year increase in employment was more than accounted for in the non-agricultural sectors and there was some further decline in agricultural employment. Ontario and Quebec accounted for more than half the total increase while employment in the Atlantic provinces, the Prairies and British Columbia also rose.

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REGIONAL CHANGES IN EMPLOYMENT

	1960	1961	1962
	1959	1960	1961
	(Thousands of persons)		
Total	100	94	168
Atlantic	14	19	10
Quebec	19	12	59
Ontario	52	22	47
Prairies	17	30	28
British Columbia	−2	12	22

NOTE: Figures may not add due to rounding.

The Service industry and Manufacturing accounted for most of the increase in employment in the year-over-year comparison.

TABLE 19

CHANGES IN LABOUR FORCE AND EMPLOYMENT

ANNUAL AVERAGES

	1960	1961	1962
	1959	1960	1961
	(Thousands of persons)		
Labour Force	175	115	90
Agriculture	−14	2	−23
Non-Agriculture	189	113	114
Employment	100	94	168
Agriculture	−17	− 1	−21
Non-Agriculture	117	95	189
Primary	10	−24	− 5
Manufacturing	−24	45	52
Construction	−24	−12	23
Transportation	− 3	−10	14
Public Utilities	− 2	4	5
Trade	35	2	19
Finance	10	13	9
Service	115	78	74
Goods producing industries[1]	−38	9	70
Service producing industries	155	87	121

[1] Excluding agriculture.

NOTE: Figures may not add due to rounding.

The increase in employment in 1962 over 1961 was accounted for by 109,000 males and 59,000 females. The increase in male employment was associated with the manufacturing and construction industries, particularly the former where employment averaged 52,000 higher in 1962 than in 1961.

The increase in manufacturing employment brought employment in the goods-producing industries (excluding agriculture) back to the 1957 level. Average employment in the goods-producing industries, except agriculture, had declined between the peak year 1957 and 1960. Increases in manufacturing employment since 1960 have offset lower levels of employment in forestry and mining. By contrast, the service-producing industry has shown more consistent annual increases since 1957, though the rate has slowed in the past two years.

The growth of the labour force although still larger than in most other industrialized countries has slowed down during the past two years from the rate in immediately preceding years. Two features predominate in this situation. First, the net gain from migration has been significantly smaller and second, there has been a marked increase in prolonged school attendance. From 1956 to 1960, the population of 14 to 19 years olds increased by 276,000, while the labour force in this age group rose by 61,000. In the two years ending December, 1962, when the population growth in this age bracket was 157,000, the labour force in this age group grew by only 14,000. As a result, the participation rate in the labour force (i.e. the percentage of an age group working or seeking work) for these younger people continued to decline. The drop was particularly noticeable in the participation rate for males which fell from 43.0 per cent in 1960 to 39.6 per cent in 1962. For the same reason there was a similar, though less pronounced, decline in the participation rate for males in the 20 to 24 year old group.

There was little change in the male participation rate in the group of prime working age, 25 to 64. The participation rate for females, however, continued to rise, though at a slower rate, with married women accounting for the increase.

To place developments in the labour market in proper perspective it is helpful to compare the current position with the period immediately prior to the business upswing, after removing seasonal influences. Between the first quarter of 1961 and the fourth quarter of 1962, 138,000 persons were added to the labour force, a smaller amount than in preceding periods. Non-farm employment increased by 267,000 persons, which exceeded the growth in total employment because of a decline in farm employment. Consequently, the rate of unemployment dropped from 7.7 per cent of the labour force to 5.9 per cent between these two periods.

Peak	Trough	Unemployment Rate		Comparable Periods after Peak and Trough	Unemployment Rate	Change from	
		Peak	Trough			Peak	Trough
1Q 1960	1Q 1961	6.4	7.7	4Q 1962	5.9	−0.5	−1.8
1Q 1957	1Q 1958	3.6	6.7	4Q 1959	5.9	+2.3	−0.8

The change in the unemployment rate in the last two years is in contrast with the experience of the preceding upswing. As the following table shows, unemployment has fallen more since the beginning of the current business upswing than it did in 1958. After seven quarters of expansion, rates of unemployment are below those at the preceding peak of business activity in the first quarter of 1960. By contrast, after a similar period of time in the preceding upswing rates of unemployment were above those of the previous peak. The difference in behaviour of unemployment is mainly attributable to the much smaller increase in the labour force in the current period. From the first quarter of 1958 to the fourth quarter of 1959, employment increased by 4.3 per cent, and in the current comparable period, it rose by 4.2 per cent. The labour force, on the other hand, grew by 3.4 per cent in the earlier period, but by only 2.1 per cent from early 1961 to the end of 1962. Comparisons with preceding peaks were affected by the slower growth in the labour force in the current period, as well as by a larger increase in employment. An analysis of unemployment behaviour based upon its own specific turning points yields roughly comparable results.

The 1962 rate of unemployment of 5.9 per cent is high compared both with the earlier Canadian postwar period and with other countries.

PERCENTAGE OF LABOUR FORCE UNEMPLOYED

CANADA

1946	3.4	1954	4.6
1947	2.2	1955	4.4
1948	2.3	1956	3.4
1949	2.9	1957	4.6
1950	3.6	1958	7.1
1951	2.4	1959	6.0
1952	2.9	1960	7.0
1953	3.0	1961	7.2
		1962	5.9

It is difficult to make comparisons of unemployment figures between different countries, since the statistical measurements differ. For example, Canada and the United States take sample household surveys, which cover the entire population. Swedish statistics are based upon those relating to members of unemployment insurance funds, while British data are based almost entirely on a count of registrants at employment exchanges and youth employment offices. Accordingly, meaningful international comparisons have been hard to come by. However, since the publication of last year's White Paper, a United States Presidential Committee* has computed unemployment rates on a roughly comparable basis, according to the U.S. concept. For 1960, the year for which the calculations were made, the rate in Canada was much above that of other countries. The comparative figures before and after adjustment are as follows:

Country	1960 unemployment rate	
	Unadjusted	Adjusted
Canada	7.0	7.0
United States	5.6	5.6
Italy	7.9	4.3
Great Britain	1.6	2.4
France	1.1	1.9
Sweden (1961)	1.2	1.5
Japan	1.0	1.1
Germany (Federal Republic)	1.2	1.0

* SOURCE "Measuring Employment and Unemployment", President's Committee to Appraise Employment and Unemployment Statistics 1962, p. 235.

PRICE TRENDS

From the beginning of 1961 to the end of 1962 the price of foreign exchange in Canadian dollars rose by about 9 per cent. In this period, the consumer price index rose by 2.1 per cent, the general index of wholesale prices by 4.5 per cent and the implicit price index of Gross National Expenditure by 2.7 per cent.

As might be expected, the major impact of the price rise has been on goods and services with a high import content, but the domestic price of export commodities whose price is set in world markets has also risen, for example, wheat, nickel, copper, newsprint and petroleum. Apart from the decline in the exchange rate, prices after June, 1962 were affected by the imposition of the temporary surcharges. Approximately three-quarters of the 1.2 per cent increase in consumer prices in 1962 took place in the latter half of the year.

A report recently published by the Organization for Economic Cooperation and Development** shows that the increase in consumer prices in other Western industrialized countries over the past 10 years has generally been higher than in Canada. In the comparison found in Table 20, taken from the Report, Canada is shown amongst the countries having the smallest increase in the industrialized western world.

**"Policies for Price Stability".

TABLE 20

CHANGES IN CONSUMER PRICES OVER SELECTED PERIODS[1]

(Annual average percentage change)[2]

Country	1953–61	1953–58	1958–61	1961–62
France	4.1	4.0	4.3	5.4
Sweden	3.1	3.5	1.4[5]	2.7[5]
United Kingdom	2.9	3.6	1.6	4.2[5]
Norway	2.7	3.4	1.7	5.4
Denmark[3]	2.7	2.8	2.3	6.6
Netherlands	2.6	3.3	1.7	3.6
Austria	2.4	2.5	2.3	5.4
Ireland[4]	2.3	3.2	1.1	4.4
Italy	2.1	2.5	1.3	4.1
Germany	1.8	1.8	1.7	4.3
United States	1.4	1.6	1.2	1.2[6]
Canada	1.3	1.6	1.1	1.2[6]
Belgium	1.3	1.6	0.9	1.7
Switzerland	1.2	1.4	0.9	4.5

Countries ranked by 1953–61 price rise.

[1] The periods have been selected to illustrate the broad characteristics of price movements in Europe and North America since 1953. Where the experience of an individual country differed from the general experience, the averages shown do not give a full picture of the price movements in that country.

[2] Annual averages of monthly figures for 1953–58, 1958–61 and 1953–61, and first seven months of 1961 to first seven months of 1962.

[3] Excluding rent. 1961–62: averages of January, April and July figures.

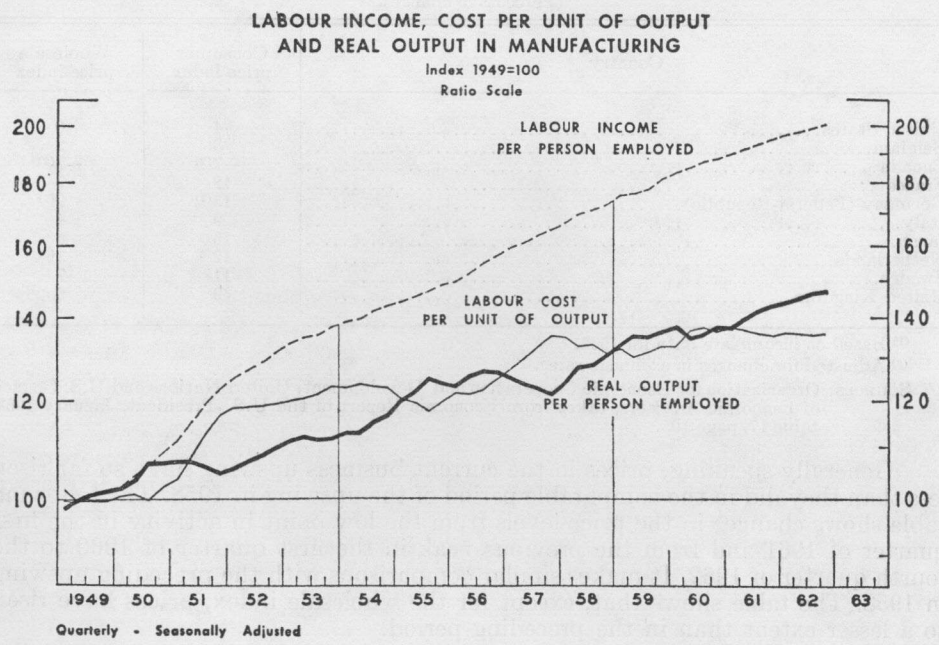
[4] 1961–62: average of figures for first two quarters.

[5] Excluding the effect of changes in indirect taxes. It has not been possible to make similar adjustments for the other countries.

[6] Annual averages of monthly figures for 1961 and 1962.

SOURCE: "Policies for Price Stability", O.E.C.D., November 1962, table 1, page 12.

There has been an improvement in Canada's competitive position over the past decade. The Canadian experience, as indicated in the accompanying chart on manufacturing, has been one in which wage rate increases have been relatively modest while output per man hour has continued to rise about in line with the average rate of increase achieved in the postwar period in Canada. By contrast,



wage rates in some of the Western European countries have recently been rising rapidly while productivity gains have slowed as operating rates have approached full capacity. Wage and other costs per unit of output have shown sharp advances in some of these overseas countries. Table 21 presents some of these findings. These statistics reflect only prices valued in domestic currencies. Recent exchange rate adjustments sharpen these trends.

TABLE 21

CHANGES IN INCOMES AND COSTS IN SELECTED COUNTRIES 1953/54—1960/61

(Annual average percentage change per unit of output)

	France	Germany	Netherlands	Sweden	United Kingdom	United States	Canada
Wage and salary incomes	6.1	3.1	4.5	3.5	4.0	2.4	2.4
Other incomes	4.1	2.7	2.4	1.5	2.2	1.5	1.3
Net indirect taxes	5.2	1.8	−0.4	7.5	2.8	3.3	3.0
GDP at market prices	5.0	2.7	2.9	3.2	3.2	2.2	2.0
Import prices	(3.5)	(−0.7)	(0.2)	(0.2)	(0.4)	(0.1)	(1.5)
Effect of imports on general price level	−0.2	−0.7	−1.1	−0.7	−0.6	0	0
Total costs—overall price level	4.8	2.0	1.8	2.5	2.6	2.2	2.0

SOURCE: Policies for Price Stability. O.E.C.D.

The combined effects of domestic price movements and exchange rate adjustments over the past few years are shown in Table 22.

TABLE 22

INTERNATIONAL COMPARISON OF CHANGES IN PRICES, 1959-62[1]

(Percentage change)

Country	Consumer price index	Wholesale price index
United States	4	0
Belgium	3	2
Canada	−7[2]	−7[2]
France	12	7
Germany (Federal Republic)	13[2]	9[2]
Italy	9	4
Japan	16	6
Netherlands	12[2]	3[2]
Sweden	11	7
United Kingdom	9	6

[1] Based on incomplete data for 1962.

[2] Adjusted for changes in exchange rates.

SOURCES: Organization for Economic Cooperation and Development, United Nations and U.S. Council of Economic Advisers, taken from Economic Report of the U.S. President, January 1963, table 17, page 105.

Generally speaking, prices in the current business upswing have so far risen less than they did in the comparable period of the upswing in 1958. The following table shows changes in the price levels from the low point in activity in the first quarter of 1961 and from the previous peak in the first quarter of 1960 to the fourth quarter of 1962. It makes similar comparisons with the preceding upswing in 1958. The table shows that, except for the wholesale index, prices have risen to a lesser extent than in the preceding period.

TABLE 23

PERCENTAGE CHANGES IN PRICE LEVELS

—	7 quarters after trough	7 quarters after trough from previous peak	7 quarters after trough	7 quarters after trough from previous peak
	4Q 1959 / 1Q 1958	4Q 1959 / 1Q 1957	4Q 1962 / 1Q 1961	4Q 1962 / 1Q 1960
Consumer Price Index	3.5	6.4	2.1	3.6
Commodities	1.8	4.2	1.8	2.9
Services	5.1	9.4	2.7	4.3
General Index of Wholesale Prices	1.0	0.6	4.5	5.2
Gross National Expenditure Implicit Price Index	4.6	6.2	2.7	4.1

Table 24 shows that prices in the aggregate rose somewhat more in 1962 than in the preceding year. However, apart from those categories more directly affected by the lower exchange rate (imports and exports of goods and services and the index for new machinery and equipment where the import content is high), the increases were relatively small and of somewhat the same magnitude as those which have taken place in the past few years.

TABLE 24

PERCENTAGE PRICE CHANGES

(Implicit Price Indexes of GNE and Components)

—	1960 / 1959	1961 / 1960	1962 / 1961
Personal Expenditure	1.1	0.9	1.5
Non-Durable Goods	0.6	0.8	1.2
Durable Goods	0.1	−2.0	−0.2
Services	2.2	1.9	2.4
Government expenditure	3.3	1.9	3.7
Business gross fixed capital formation	2.2	0.9	2.5
New Residential construction[1]	2.7	0.6	2.8
New Non-residential construction[1]	2.4	0.4	2.0
New machinery and equipment	1.9	1.6	2.9
Exports of goods and services	0.7	1.3	3.2
Imports of goods and services	1.0	3.3	4.4
Gross National Expenditure	**1.6**	**0.6**	**1.7**

[1] Price indexes of these sectors are measured mainly by elements entering into costs (materials and labour purchased) rather than final selling prices, and generally it has not been possible to allow for changes in productivity. Over short periods of time, these cost indexes are not likely to vary to any extent from indexes of actual selling prices. Over longer periods, it may be that these cost deflators overstate price increases.

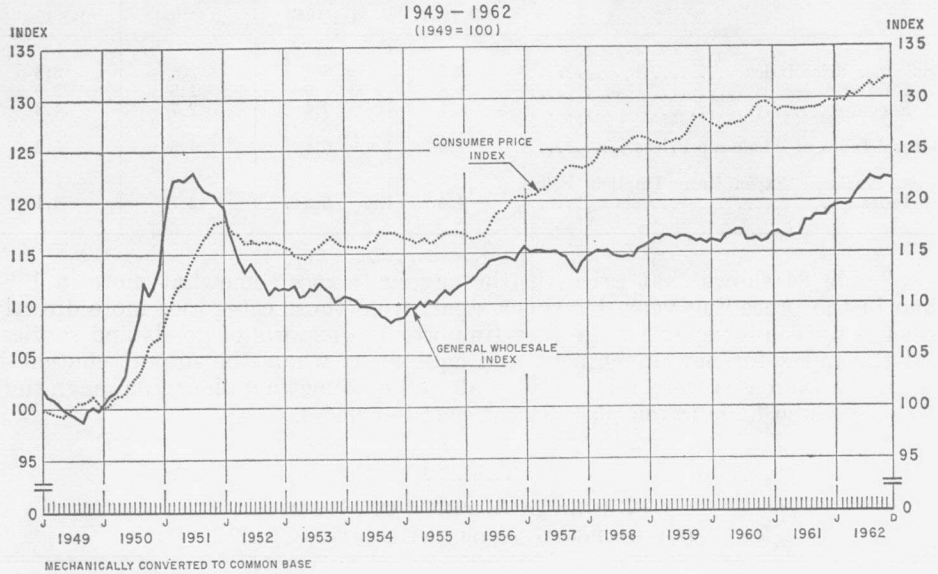
The consumer price index for 1962 averaged 130.7 compared with 129.2 for 1961, an increase of 1.2 per cent. The index moved from 129.7 in January, 1962 to 131.9 in December, with the major portion of the increase occurring between March and August. As Table 25 shows, increases in the food and services indexes were the major factor in the rise of the total index. Like the total index, food prices showed the greatest increase between March and August. Part of this rise was seasonal, particularly in the third quarter, but the lower value of the Canadian dollar and import surcharges were also moderate contributing factors.

Of more significance, however, were special circumstances affecting the price of beef, and to a lesser extent pork. Drought conditions in the western provinces in 1961 reduced the volume of feed which forced the premature sale of feeder cattle and a drop in hog production. At the same time a strong U.S. market for beef developed and, in 1962, a reduced supply and a strong demand forced meat prices up.

CANADIAN WHOLESALE AND CONSUMER PRICE INDEX

1949 — 1962

(1949 = 100)



MECHANICALLY CONVERTED TO COMMON BASE

The increase in the services index in 1962 was of the same magnitude as the increase last year and much smaller than the increases recorded prior to 1961. As in recent years, the largest increase took place in services other than housing. In turn, higher fees for medical, dental and optical care were important factors and raised the health and personal care index by 2 per cent.

TABLE 25

PERCENTAGE CHANGES IN CONSUMER PRICE INDEXES

—	1960 / 1959	1961 / 1960	1962 / 1961
Total Goods and Services	+1.2	+0.9	+1.2
Commodities	+0.8	+0.5	+0.9
Commodities excluding Food	+0.6	+0.1	+0.3
Food	+0.9	+1.5	+1.8
Durable Goods	−0.3	−1.8	−0.7
Household Equipment	−0.5	−1.1	−0.1
Transportation Equipment	+0.5	−2.3	−1.5
Non-Durable Goods	+0.9	+1.0	+1.2
Non-Durable Goods excluding Food	+0.9	+0.6	+0.7
Textiles	+0.2	+1.3	+0.9
Other Non-Durable Goods	+0.8	+0.2	+0.6
Services	+2.2	+1.3	+1.4
Services excluding Shelter	+3.0	+1.9	+2.1

The wholesale price index, which is heavily weighted with export and import goods, responded, as was to be expected, to the lower exchange value of the Canadian dollar. The general index in 1962 was 2.9 per cent higher than in 1961 and marks the largest year-to-year increase since 1956. The largest increases occurred in prices of raw and partly manufactured goods with the other selected groupings each rising by about 2 per cent. It appears that wholesale prices reached their peak in the third quarter of 1962 and have subsequently levelled out.

TABLE 26

PERCENTAGE CHANGES IN SELECTED WHOLESALE PRICES

(1935-1939=100)

	1960/1959	1961/1960	1962/1961
Raw and partly manufactured goods	−0.6	1.4	5.3
Fully and chiefly manufactured goods	0.2	0.9	1.8
Industrial materials	0.1	1.2	2.0
Iron and non-ferrous metals and products	0.9	1.1	1.9
General Index of Wholesale Prices	**0.1**	**1.0**	**2.9**

BALANCE OF INTERNATIONAL PAYMENTS

General

The year 1962 was one of varied and divergent movements in Canada's balance of international payments. The current account, in the first two quarters, showed deficits of much the same amounts and much the same pattern as in 1961, although, typically during a business upswing, rather larger deficits, particularly on trade account, might have been expected. In the third quarter the trade account was substantially worse than the year before reflecting, at least in part, exceptionally large orders for imports placed in the previous quarter in the expectation of renewed depreciation of the Canadian dollar. In the fourth quarter, the trade balance improved as sharply as it had deteriorated. By this time a lower exchange rate and emergency import surcharges were exercising their effects. The trade balance for the year as a whole was about the same as it had been in 1961.

The non-merchandise account in 1962 was chiefly influenced by a change in the pattern of travel expenditures, especially in the second half of the year. The lower exchange rate, reinforced by a sharp reduction at the time of the exchange crisis in the customs-exemption for returning Canadians, was no doubt the main cause of an improvement of some $110 million over 1961. Nevertheless, the total current account deficit for 1962, at $848 million, remained very large.

While these developments were taking place in the current account, there were shifts of very large and disturbing amounts in the capital account. In the first quarter of the year the substantial net capital inflow, which for many years had financed the large current deficits, dried up. Thus the current deficit for that quarter had to be paid for by drawing on reserves. In the second quarter a substantial net outflow of capital developed which, together with the current account deficit for that quarter, had to be paid for by further drawings on reserves. The downward pressure on the Canadian dollar in the exchange market, which had been heavy in January and February but had relaxed in March, was renewed in April after the announcement of a General Election. For the rest of that month the "floating" exchange rate continued to be defended at a level of approximately 95 cents (U.S.). On May 2 a new "par value" of 92.5 cents was declared with the

concurrence of the International Monetary Fund. Despite this, the downward pressure soon re-emerged and gathered strength, reaching a climax following the indecisive results of the Election on June 18. On June 24, the Government announced a series of drastic emergency measures.

Thereafter, net capital inflow started again and the reserves rose. However, in the third quarter the capital inflow was induced largely by the maintenance of stringent financial conditions which were out of keeping with the economic requirements of the country, and much of the capital came on a short-term basis. A renewed inflow of long-term capital began towards the end of the third quarter and was enlarged in the fourth so that, by the end of the year, the reserves (apart from borrowings of $300 million from the International Monetary Fund), were nearly $200 million higher than they had been at the beginning. Much of the long-term capital inflow took the form of borrowings, but a substantial part also took the form of "take-over" purchases of Canadian businesses by interests abroad.

Detailed comments on these developments follow.

Current Account

The existence of substantial current account deficits, and of appropriate net capital inflows to finance such deficits, is acceptable in a country like Canada at times when the economy is booming, when labour and plant are fully employed, and when substantial additions to the country's stock of productive capital equipment justify some recourse to outside sources to support the general expansion. But such deficits, and such net capital inflows, are clearly incompatible with a condition of high unemployment and lack of vigorous capital investment.

Table 27 shows the main structure of Canada's current account deficits from 1955 to 1962.

TABLE 27

BALANCE OF PAYMENTS ON CURRENT ACCOUNT
MERCHANDISE AND NON-MERCHANDISE BALANCE 1955–1962

—	Merchandise Trade	Non-Merchandise Trade	Current Account Balance
	(Millions of dollars)		
1955	−211	−487	−698
1956	−728	−638	−1,366
1957	−594	−861	−1,455
1958	−179	−952	−1,131
1959	−422	−1,082	−1,504
1960	−148	−1,095	−1,243
1961	+173	−1,155	−982
1962 preliminary	+155	−1,003	−848

From the peak deficits of 1957 and 1959, of about $1.5 billion in each case, there has been a gradual improvement; but the improvement is not yet as large as the remaining deficit. Moreover the non-merchandise deficit, much of which is made up in any year of obligations arising from earlier capital imports, actually continued to deteriorate until 1962.

Turning from longer-term to cyclical patterns, it may be noted that the behaviour of the current account in the business expansion that took place between 1961 and 1962 has not been typical. Instead of deteriorating, the current account showed some improvement. Although most of this improvement was in the final

quarter of the year, it is nevertheless true to say that, through the year, the business situation was receiving more stimulus from the current account than would be considered normal at such a stage in the cycle.

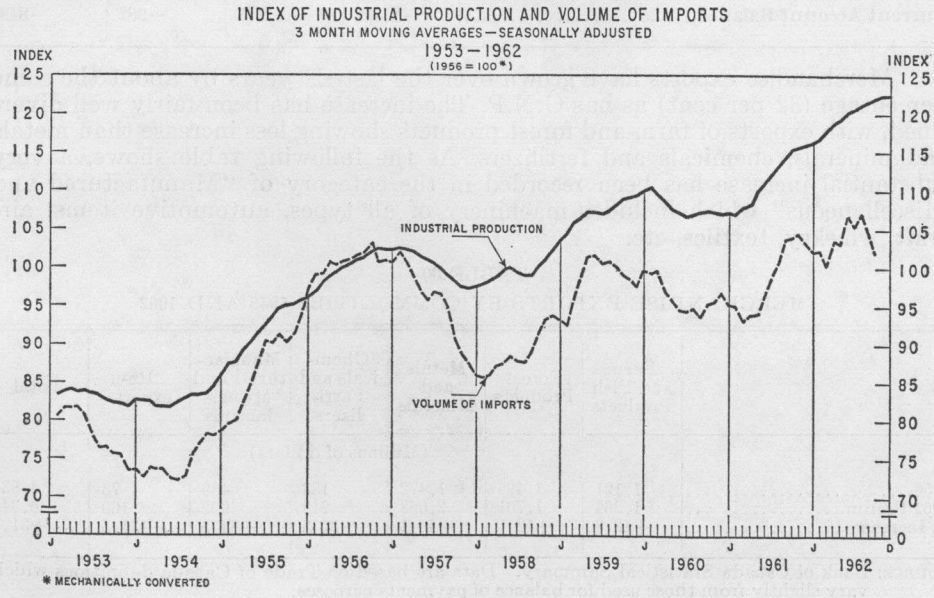
The following table indicates the changing proportion of imports to Gross National Product in the years from 1949 to 1962. In addition to the cyclical pattern which it suggests it also shows that the proportion of our Gross National Expenditure which is associated with imports has been showing a gradual decline.

TABLE 28

IMPORTS OF GOODS AS A PROPORTION OF G.N.E. 1949–1962

—	Percent
1949	16.5
1950	17.4
1951	19.4
1952	16.0
1953	16.8
1954	15.7
1955	16.7
1956	18.2
1957	17.2
1958	15.4
1959	16.0
1960	15.3
1961	15.3
1962 preliminary	15.4

In 1962 the price of imports rose substantially more than other items in the national expenditure because the devaluation affected the price of imports directly. Accordingly, the volume increases in imports in 1962 were less than the value increases. The accompanying chart shows the volume of imports of goods plotted against the index of industrial production, which covers a substantial part of the volume of real output in Canada. It can be seen that, apart



from cyclical movements which affect both industrial production and imports, the trend of production has been upward, while the volume of imports has not changed significantly for many years. Toward the end of 1962, industrial production was more than 20 per cent above 1956, while import volume was about unchanged. Among the categories of imports contributing to the relative decline, two of the most striking were fuels and lubricants and construction materials, steel and pipe.

TABLE 29

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

—	1959	1960	1961	Prelim. 1962
	(Millions of dollars)			
Current Receipts—				
Merchandise exports (adjusted)	5,150	5,392	5,889	6,364
Gold available for export	148	162	162	165
Travel expenditures	391	420	482	560
Interest and dividends	182	173	209	211
Freight and shipping	420	442	486	498
Inheritance and immigrants' funds	109	102	103	124
Other current receipts	392	419	403	426
Total Current Receipts	**6,792**	**7,110**	**7,734**	**8,348**
Current Payments—				
Merchandise imports (adjusted)	5,572	5,540	5,716	6,209
Travel expenditures	598	627	642	610
Interest and dividends	671	653	770	781
Freight and shipping	525	533	568	588
Inheritance and emigrants' funds	165	181	174	163
Official contributions	72	61	56	32
Other current payments	693	758	790	813
Total Current Payments	**8,296**	**8,353**	**8,716**	**9,196**
Balance on Merchandise Trade	−422	−148	+173	+155
Balance on Other Transactions	−1,082	−1,095	−1,155	−1,003
Current Account Balance	**−1,504**	**−1,243**	**−982**	**−848**

Merchandise exports have grown over the last six years by about the same percentage (32 per cent) as has G.N.P. The increase has been fairly well diversified, with exports of farm and forest products showing less increase than metals and minerals, chemicals and fertilizers. As the following table shows, a very substantial increase has been recorded in the category of "Manufactured and Miscellaneous" which includes machinery of all types, automotive items, aircraft, whiskey, textiles, etc.

TABLE 30

MERCHANDISE EXPORTS BY COMMODITIES 1956 AND 1962

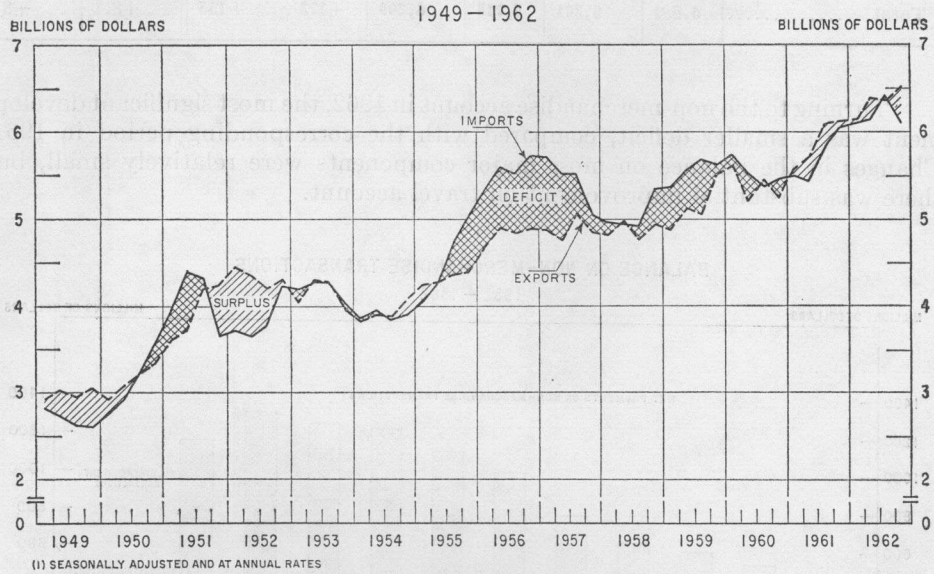
	Farm and Fish Products	Forest Products	Metals and Minerals	Chemicals and Fertilizers	Manufactured and Miscellaneous	Re-exports	Total
	(Millions of dollars)						
1956	1,121	1,496	1,472	183	489	73	4,834
1962 Prelim.	1,264	1,701	2,063	248	902	169	6,348
% Increase	+12.8	+13.7	+40.1	+35.5	+84.5	+131.5	+31.3

SOURCE: Bank of Canada Statistical Summary. Data are based on Trade of Canada definitions which vary slightly from those used for balance of payments purposes.

Turning to developments in 1962, there was an expansion in both exports and imports of merchandise. In 1962 exports of goods increased by 8.1 per cent in value above 1961. Nearly one-half of the increase in the value of exports was attributable to higher prices, a reflection of the change in the foreign exchange value of the Canadian dollar. About one-half of the gain was accounted for by increased shipments of iron ore, crude petroleum, aluminum, nickel, lumber and timber and woodpulp. Declines were registered by uranium ores and concentrates and wheat. Exports of manufactured goods also showed a significant increase. The gains were more than accounted for by shipments to the United States; shipments to other countries were below those of 1961 due to inventory adjustments and other factors.

Within 1962 merchandise exports (on a seasonally adjusted basis) rose sharply from the first to the second quarter, were steady in the third quarter, then again rose sharply in the fourth quarter. From the beginning of the business expansion in the first quarter of 1961 to the fourth quarter of 1962, merchandise exports increased by 17 per cent.

IMPORTS AND EXPORTS OF MERCHANDISE(1)
1949 — 1962



(1) SEASONALLY ADJUSTED AND AT ANNUAL RATES

Merchandise imports in 1962 rose 8.6 per cent over 1961. On a quarterly basis, the 1962 annual level had almost been reached by the first quarter of the year, where it stayed throughout the year, except for a temporary increase in the third quarter. Some, at least, of the third quarter increase was related to deliveries of goods ordered, for anticipatory purposes, about the time of the unsettled exchange situation in mid-year. As in exports, nearly half of the increase in imports was ascribable to higher prices, resulting from the change in the exchange rate.

During 1962, imports of industrial materials, automobile parts, non-farm machinery and electrical apparatus were prominent among the commodities which were higher than in 1961. More than three-fourths of the increase in merchandise imports in 1962 came from the United States.

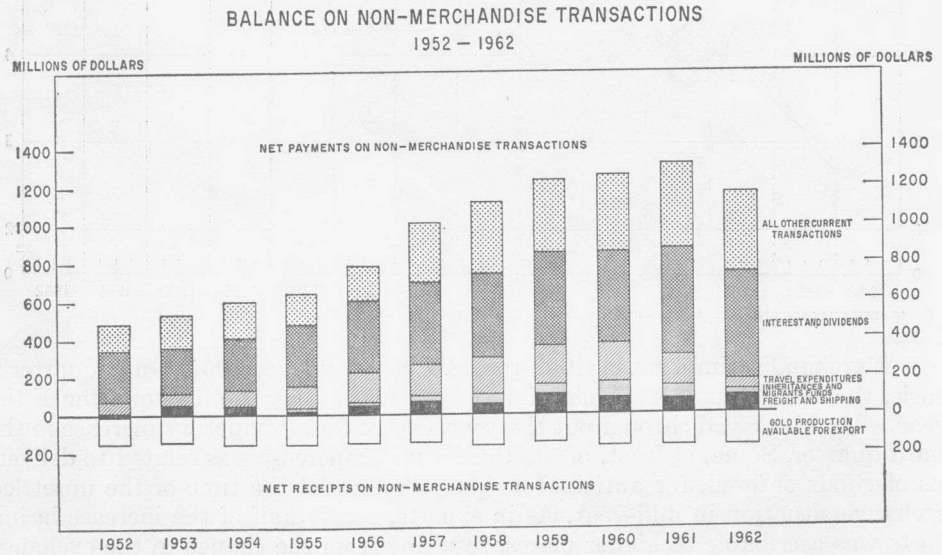
There were significant changes in the geographical distribution of merchandise exports during 1962 compared with 1961. On a balance of payments basis, the very large trading deficit with the United States was reduced while the surplus with the United Kingdom increased somewhat and the surplus with other countries was reduced.

TABLE 31

GEOGRAPHICAL DISTRIBUTION OF MERCHANDISE TRADE BALANCE

	Exports		Imports		Trade balance		Percentage change	
	1961	Prelim. 1962	1961	Prelim. 1962	1961	Prelim. 1962	1961/1962	
	(Millions of dollars)						Exports	Imports
United States	3,213	3,742	3,828	4,217	−615	−475	+16.5	+10.2
United Kingdom	924	924	593	575	+331	+349	0	−3.0
Other Countries	1,752	1,698	1,295	1,417	+457	+281	−3.1	+9.4
Total	**5,889**	**6,364**	**5,716**	**6,209**	**+173**	**+155**	**+8.1**	**+8.6**

Turning to the non-merchandise account in 1962, the most significant development was a smaller deficit, compared with the corresponding period in 1961. Changes in the balance on most major components were relatively small, but there was substantial improvement on travel account.



The seasonally adjusted data for the non-merchandise account indicate a significant improvement in the third and fourth quarters of 1962. (The data are as defined in the National Accounts which differ slightly from Balance of Payments definitions.)

TABLE 32

NON-MERCHANDISE ACCOUNT

(Seasonally Adjusted at Annual Rates)

	Exports	Imports	Balance
	(Millions of dollars)		
1Q 1961	1,676	2,876	−1,200
2Q 1961	1,764	2,748	−984
3Q 1961	1,752	2,808	−1,056
4Q 1961	1,776	2,872	−1,096
1Q 1962 prelim	1,788	2,852	−1,064
2Q 1962 prelim	1,868	3,004	−1,136
3Q 1962 prelim	1,872	2,720	−848
4Q 1962 prelim	1,912	2,720	−808

The third and fourth quarter 1962 reductions in non-merchandise payments were reflected in all categories. The sharpest reductions occurred in the outflow of interest and dividend payments which declined from an unusually high second quarter level, in payment for miscellaneous current services and in Canadian residents' travel expenditures abroad.

The improvement that took place in the travel account in the third and fourth quarters of 1962 was all with the United States. During 1962 there was a rise of $75 million in expenditures in Canada by visitors from the United States together with a reduction of $39 million in spending by Canadian travellers in the United States, following the further depreciation of the Canadian currency in May and the sharp reduction in June in the allowances for duty-free tourist purchases by Canadians.

The following table indicates the pattern of the deficit on travel account.

TABLE 33

DEFICIT ON TRAVEL ACCOUNT

(Millions of dollars)

1954	−84	1959	−207
1955	−121	1960	−207
1956	−161	1961	−160
1957	−162	1962 prelim	−50
1958	−193		

Capital Account

Table 34, which shows annual totals for capital movements, tends to mask some of the more extreme developments which occurred in the course of 1962, and largely cancelled themselves out. These developments which, in the first part of the year, involved net capital outflows and were reflected in the exchange crisis at mid-year, still show some of their effects in the twelve-month totals ending December 31, 1962: the outflow arising out of trade in outstanding Canadian stocks was the first since this series has been classified separately, while the capital outflow arising out of trade in foreign securities was the largest in the postwar period.

TABLE 34

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS

—	1959	1960	1961	Prelim. 1962
	(Millions of dollars)			
Direct investment in Canada	+550	+650	+515	+525
Direct investment abroad	− 80	− 50	− 80	−100
Canadian securities—				
Trade in outstanding bonds and debentures	+ 91	+ 3	+ 63	+ 64
Trade in outstanding common and preference stocks	+110	+ 51	+ 40	−116
New issues	+707	+447	+533	+708
Retirements	−258	−265	−297	−295
Foreign securities	− 33	− 19	− 33	− 79
Loans by Government of Canada—Drawings	− 1	.....	.....	− 7
Repayments	+ 34	+ 32	+ 37	+129
Subscriptions to IMF, IFC and IBRD in gold and U.S. dollars	− 59	− 3	.....	− 1
Change in Canadian dollar holdings of foreigners	+ 13	+120	− 34	− 28
Special International Financial Assistance	.....	.....	.....	+330
Change in official holdings of gold and foreign exchange (increase, −)	+ 70	+ 39	−229	−537
Other capital movements	+360	+238	+467	+255
Net capital movement	**+1,504**	**+1,243**	**+982**	**+848**

Developments are more readily discussed by an analysis of quarterly data. The following table gives the data in summary form, while a more detailed statement is contained in Table 36.

TABLE 35

SUMMARY OF CAPITAL MOVEMENTS

—	1961				1962			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
Capital movements in long term forms	+186	+270	+200	+134	+ 25	− 14	+260	+447
Capital movements in short term forms	+256	+ 92	−200	+273	− 56	−217	+460	+150
Balance on goods and services	−337	−311	− 62	−272	−333	−362	− 34	−119
Total of above	+105	+ 51	−62	+135	−364	−593	+686	+478
Special international financial assistance	.....	.....	.....	.....	.....	+707	.....	−377
Change in official holdings of gold and foreign exchange[1]	−105	− 51	+ 62	−135	+364	−114	−686	−101

[1]Increase (−)

The summary table shows that in the first quarter of 1962 the customary net capital inflow ceased and was replaced in the second quarter of the year by a substantial capital outflow. It was not until the third quarter of the year that a net capital inflow was resumed. The shift from the second to the third quarter amounted to almost one billion dollars, much of it representing a "swing" in short-term capital movements.

TABLE 36

INTERNATIONAL PAYMENTS

CAPITAL ACCOUNT

	1961				1962			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
Direct investment: in Canada	+140	+158	+117	+100	+110	+ 80	+145	+190
abroad	− 29	− 21	− 12	− 18	− 30	− 30	− 15	− 25
Canadian securities								
Trade in outstanding bonds and debentures	+ 31	+ 34	− 11	+ 9	− 3	+ 4	+ 39	+ 24
Trade in outstanding common and preference stocks	+ 13	+ 32	.....	− 5	− 14	− 44	− 26	− 32
New issues	+101	+190	+125	+117	+ 52	(1)+200	+ 87	+369
Retirements	− 73	− 92	− 29	−103	− 70	− 68	− 48	−109
Foreign securities								
Trade in outstanding issues	+ 3	.....	+ 2	− 10	− 32	− 37	− 9	− 5
New issues	− 5	− 18	− 7	− 7	− 2	− 4	− 5	− 5
Retirements	+ 2	+ 2	+ 3	+ 2	+ 5	+ 5	+ 5	+ 5
Loans by Government of Canada								
Drawings	.....	.....	.....	.....	.....	.....	− 7	.....
Repayments	+ 3	+ 7	.....	+ 27	+ 3	+ 7	+ 68	+ 51
Subscriptions in Gold and U.S. dollars to International Financial Agencies	.....	.....	.....	.....	.....	.....	.....	− 1
Change in Canadian dollar holdings of foreigners	− 5	− 72	− 1	+ 44	− 32	+ 34	− 54	+ 24
Special International financial assistance	.....	.....	.....	.....	.....	+707	.....	−377
Change in official holdings of gold and foreign exchange (increase,−)	−105	− 51	+ 62	−135	+364	−114	−686	−101
Other capital movements	+261	+142	−187	+251	− 18	−378	+540	+111
Net Capital Movement	**+337**	**+311**	**+ 62**	**+272**	**+333**	**+362**	**+ 34**	**+119**

(1)Includes $125 million of new corporate borrowing which was applied to the refinancing of external liabilities in other forms.

TABLE 37

NET TRANSACTIONS IN CANADIAN SECURITIES BETWEEN CANADA AND OTHER COUNTRIES

	1962			
	1Q	2Q	3Q	4Q
	(Millions of dollars)			
Bonds and debentures				
Government of Canada	−14	−19	+38	+114
Provincial government	+ 6	+ 3	+16	+114
Municipal	+ 1	− 1	+24	+ 35
Railways (not guaranteed by government)	− 3	− 1	.....	− 11
Other corporations	− 9	+154(1)	+ 4	+ 44
Sub-total, bonds and debentures	*−19*	*+136*	*+82*	*+296*
Common and preference stocks	−16	−44	−30	− 44
Total	**−35**	**+92**	**+52**	**+252**

(1)Includes $125 million of new corporate borrowing which was applied to the refinancing of external liabilities in other forms.

Throughout 1962, the flow of direct investment remained inward. In the past ten years direct investment in Canada has varied between about $400 million and $650 million, depending upon a variety of factors including the phasing of particular new capital formation, refinancing operations, or acquisition by foreigners of existing Canadian concerns or interests. These financial operations were considerably larger in 1962 than in 1961. Inflows from direct investment declined somewhat from the first to the second quarter, then rose substantially late in the third and in the fourth quarter to the highest levels in six quarters. Industrially, the largest inflows were to the petroleum and natural gas industry and iron ore projects.

Apart from special financing by a corporation in the second quarter amounting to $125 million, and a Government of Canada borrowing abroad in the fourth quarter, new security transactions in 1962 resulted in a net inflow of approximately $150 million with most of this inflow occurring in the fourth quarter. Trade in outstanding Canadian bonds and debentures yielded a net inflow, most of which occurred in the third and fourth quarters. Net sales were made up mainly of Government of Canada direct and guaranteed issues and were on balance entirely to the United States as there were repurchases from residents of overseas countries. It will be noted that the yield spread between Canadian and United States long-term government bonds was considerably wider in the third and fourth quarters, after the exchange crisis, than before it.

Transactions in outstanding Canadian stocks, on the other hand, led to capital outflows in each of the four quarters of 1962, amounting in total to $116 million. The sales of Canadian stocks were largely accounted for by overseas investors; there was only a modest capital outflow to the United States arising out of these transactions.

Proceeds from new issues of Canadian securities sold to non-residents in 1962 amounted to $708 million. As previously noted, this includes $125 million involved in the refinancing of external liabilities, which took place in the second quarter, and the Government of Canada 25-year external borrowing. Apart from this, proceeds from new issues sold to non-residents were, quarter by quarter, somewhat below the same period in 1961 until the fourth quarter of the year.

A capital outflow of $79 million took place in 1962 in the form of net purchases of foreign securities; all but $14 million of this occurred in the first half of the year. The bulk of the outflow was in United States securities.

Official transactions in 1962 (apart from special international financial assistance) yielded a net inflow of $122 million. Most of this represented advance repayments on outstanding intergovernmental loans of $67.6 million in July by France, and of $32.1 million by the Netherlands in October.

In the course of 1962 there were some very large and very sharp movements of short-term capital. In the first quarter of the year, there was a relatively small outflow, followed by a large outflow in the second, all of which was more than offset by a very large inflow in the third quarter and was followed by a smaller inflow in the fourth quarter of the year. The shift between the second and third quarters amounted to an extraordinary $677 million, of which about $500 million represented Canadian-owned bank balances and other short-term funds in foreign currencies.

Canadian dollar holdings of foreigners yielded capital outflows in the first and third quarters of the year, and capital inflows in the second and fourth quarters. They included a small increase in foreign holdings of Government of Canada Treasury Bills and a decline in deposits as the following table shows:

TABLE 38
CHANGE IN CANADIAN DOLLAR HOLDINGS OF FOREIGNERS

—	Treasury Bills	Deposits etc.	Total
	(Millions of dollars)		
1Q 1961	+33	−38	− 5
2Q 1961	−75	+ 3	−72
3Q 1961	−34	+33	− 1
4Q 1961	+18	+26	+44
1Q 1962	+18	−50	−32
2Q 1962	+50	−16	+34
3Q 1962	− 3	−51	−54
4Q 1962	−61	+85	+24

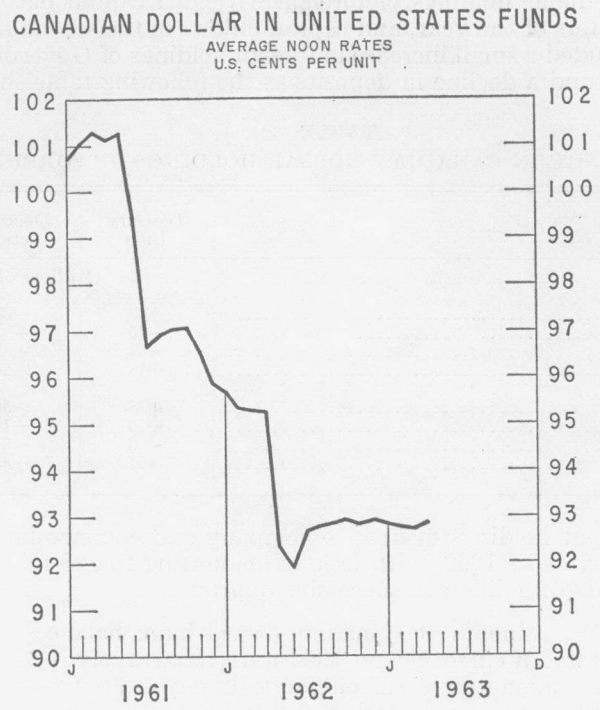
Non-resident holdings of finance company and commercial paper increased in all four quarters of 1962, with inflows amounting to $28 million, $25 million, $35 million and $52 million in successive quarters.

Quarterly movements of Canadian-owned bank balances and other short-term funds in foreign currencies in 1962 were respectively +$49 million, −$245 million, +$257 million and +$17 million (plus equals an inflow, minus equals an outflow). The second quarter outflow and the third quarter reversal were unprecedented in size.

On June 24, 1962, the Canadian authorities arranged for $1,050 million in credits in foreign currency, as part of a programme of emergency measures. Of this total, $400 million represented a stand-by credit with the Export-Import Bank of Washington. The remaining $650 million of foreign exchange (equivalent in value to $707 million Canadian) was in the form of a $300 million drawing from the International Monetary Fund, a reciprocal currency arrangement entered into between the Bank of Canada and the Federal Reserve Bank of New York for $250 million, and a similar arrangement with the Bank of England for $100 million. Subsequently, as the situation improved, these arrangements were reduced or eliminated. The stand-by credit with the Export-Import Bank was reduced by $250 million in September and eliminated entirely in December. The reciprocal currency arrangement with the Federal Reserve Bank of New York was reduced by $100 million on October 31, by a further $75 million on November 30, and eliminated on December 26; as each reduction took place a similar amount was placed on a stand-by basis. The arrangement with the Bank of England was also reduced in steps on these dates and eliminated on December 26.

Official holdings of gold and foreign exchange were subject to wide movements in 1962. During the period when the Canadian dollar was under heaviest pressure there were also substantial "forward" transactions.

As for the movements in the exchange rate, it will be recalled that, from the end of June, 1961 to September, 1961, the Canadian dollar settled at about a 3 per cent discount on the United States dollar. In October, however, an upward pressure on the Canadian dollar emerged. In resisting this pressure, the Exchange Fund accumulated $186 million of foreign exchange in October. By the end of that month, the Fund held $2,111 million.



Toward the end of 1961 and in early 1962 pressures in the opposite direction developed and the rate began to move downward, reaching a 5 per cent discount on the United States dollar in February where it was held through March and April. Some $32 million of exchange reserves were used up in November, $23 million in December, $134 million in January, $175 million in February, and $35 million in March. However, following the announcement of a General Election in April, heavy downward pressures re-emerged. The official reserves declined by $114.6 million in April, while the exchange rate was still held at a level of approximately 95 cents (U.S.).

On May 2, 1962, with the concurrence of the International Monetary Fund, the Government declared a "par value" for the Canadian dollar, fixing it at a rate of one Canadian dollar equal to 92.5 cents (U.S.), with the normal one per cent margin either way. A short lull in the market was followed by renewed downward pressure on the exchange rate which gathered force late in May and through June, reaching a climax following the indecisive results of the General Election. By June 24 the "spot" position of the official reserves had fallen to about $1,100 million and in addition there were outstanding substantial forward sale contracts.

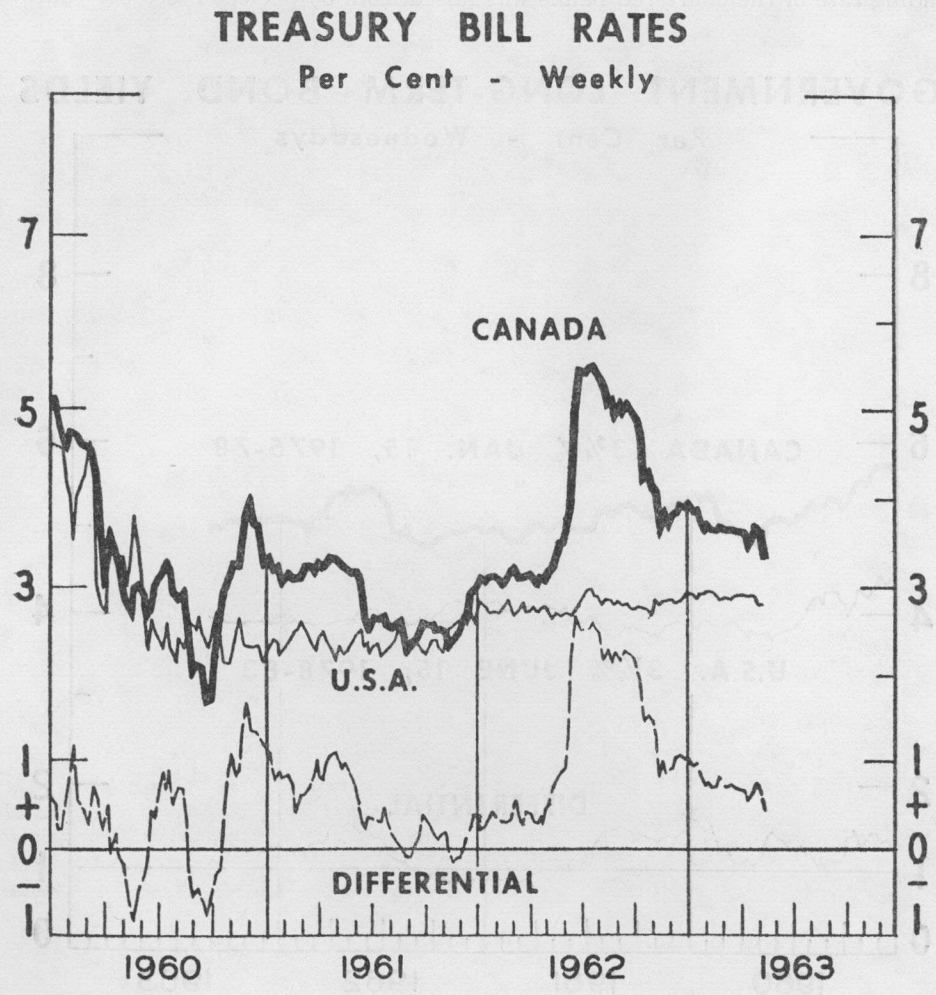
On June 24, the Government announced its emergency measures, the exchange market settled and exchange reserves began to increase. At the end of June, official holdings totalled $1,809 million, including $650 million arising out of special international financial assistance. Between June 30 and year end, reserves rose to $2,539 million, despite repayment of $350 million of special international financial assistance.

The value of the Canadian dollar in U.S. funds averaged about 91.9 cents (U.S.) in June, and then subsequently strengthened in July to 92.7 cents (U.S.). It closed the year at 92.8 cents (U.S.).

FINANCIAL DEVELOPMENTS

Monetary and Foreign Exchange Conditions

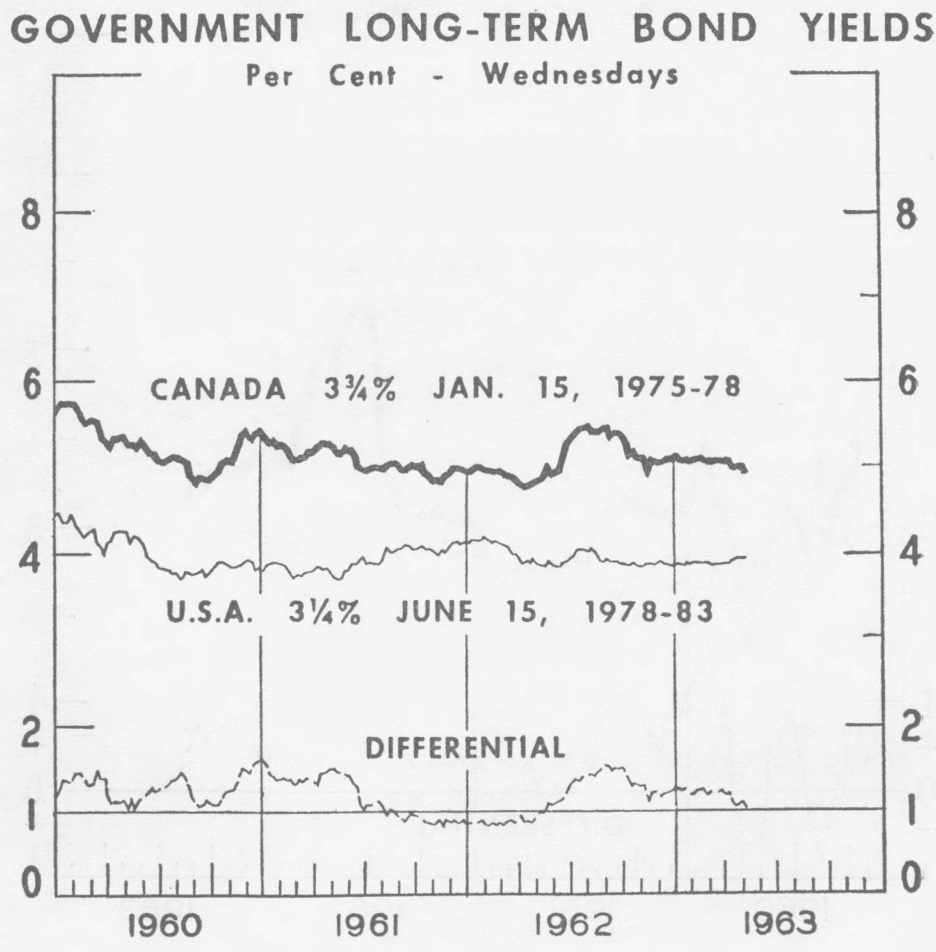
During the first few months of 1962 the continuing cyclical expansion in economic activity was financed without much change in general credit conditions. Yields on long-term government bonds drifted gradually lower during this period and by April, 1962 were under 5 per cent. The yield on three-month Treasury Bills rose around the end of 1961 from about 2½ per cent to 3 per cent but thereafter showed only minor fluctuations through to late April 1962. Interest rate differentials between Canada and the United States, which had narrowed considerably in mid-1961, declined somewhat further in the early months of 1962. The total volume of funds raised through net new issues of securities in this period was appreciably less than in recent years. However bank loans continued to expand. Early in 1962 the expansion began to be accompanied by a gradual decline in the banks' holdings of liquid assets.



In late April and May the wave of selling on the New York stock market initiated similar movements in other markets, including Canadian. At about the same time downward pressure on the Canadian exchange rate intensified, and on May 2 the Government announced the introduction of a fixed rate of Can. $1.00 = U.S. $0.925. Early in May Treasury Bill yields in Canada began to rise fairly rapidly and by mid-May a general upward movement in interest rates was under way.

From early May to late July the Government Purchase Fund acquired $113 million in long-term bonds to cushion the fall in prices. In a period of little more than two weeks in June, when bond prices were declining rapidly, the Bank of Canada bought some $150 million of short-term bonds for cash.

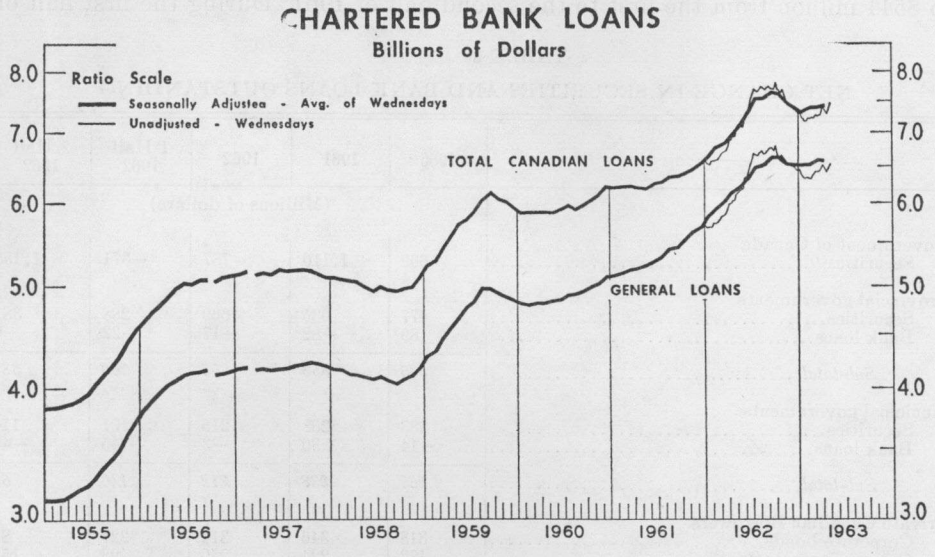
Pressure on the Canadian exchange rate came to a climax in June and emergency measures were introduced to protect the value of the Canadian dollar. These measures included re-introduction of a fixed Bank Rate at the high level of 6 per cent. During the period of the crisis and for several weeks after there was a complete absence of new security offerings and short-term yields moved to levels higher than those on long-term securities. On July 3, the prime lending rate of the chartered banks was raised from 5½ per cent to 6 per cent.



During the summer the banks were faced by a situation in which the more-than-seasonal increase in the demand for loans which had been occurring in the spring was continuing, while their cash reserves were falling. At the same time there was a strong demand by the general public, including industrial and financial institutions, for securities that, at substantially reduced prices, were offering very attractive yields. The banks sold substantial amounts of securities, and their total assets, together with their deposits, shrank accordingly. The reduction in the public's holdings of deposits shrank less rapidly, however, because the Government was using funds, accumulated from earlier sales of foreign exchange, to buy up the offerings of foreign exchange that were now being offered as "flight" capital returned to Canada.

As the emergency measures took effect, and the massive financial assistance from abroad assured the defence of the Canadian dollar at its declared par value, financial markets began to recover, monetary policy eased and interest rates declined. Bank Rate was reduced to 5½ per cent on September 7, to 5 per cent on October 12, and to 4 per cent on November 13. The total money supply declined to early September and then began to increase. Total liquid assets of the chartered banks also increased. The proportion of total bank assets held in the form of government securities, day-to-day loans, cash and other liquid assets, which declined from 37 per cent in early 1962 to about 29 per cent in September, rose subsequently to 34 per cent by early 1963 where it levelled out.

A-6



The yield on 91-day Treasury Bills, which had reached 5½ per cent earlier in the summer, fluctuated around 5 per cent from mid-August to early October, dropped sharply to about 4½ per cent in mid-October and again to about 3¾ per cent in November. The yield spread on Treasury Bills between Canada and the United States declined to around ¾ of 1 per cent compared with 2½ per cent in July. Yields on long-term Government of Canada bonds which were around 5½ per cent in the summer declined slightly in September and more rapidly in October and November to a little over 5 per cent. The difference in yields on long-term government bonds between Canada and the United States declined to

about 1.2 per cent, compared with 1.5 per cent in July and 0.9 per cent in late 1961 and early 1962. In mid-November the prime lending rate of the chartered banks was reduced from 6 per cent to $5\frac{3}{4}$ per cent.

The period since September 1962 has been characterized by the reappearance, on a significant scale, of Canadian security offerings in New York. In September it was announced that negotiations had been completed for the private sale to five life insurance companies of U.S. $250 million in Government of Canada 25-year External 5 per cent Bonds. The proceeds were received in two equal instalments on October 15, 1962, and January 3, 1963, and were used to reinforce Canada's official reserves of foreign exchange. The Government of Canada's external issue was followed by an appreciable volume of security offerings in the United States market by Canadian provinces, municipalities and corporations.

Total net new borrowing by Canadian individuals, firms, and governments through the banking system and the bond and stock markets amounted to an estimated $3.2 billion in 1962. This was only slightly higher than the amount raised in 1961. The demands for particular types of funds during the course of the year were affected by the disturbances in the financial and exchange markets. Some detail for each level of government and the private sectors is provided in Table 39.

New cash raised from banks and security issues by corporations and other private borrowers in 1962 appreciably exceeded the amounts raised in either of the preceding two years. Reflecting the upward swing in the business cycle, private borrowers had sharply increased their net borrowings from $380 million to $544 million from the first to the second half of 1961. During the first half of

TABLE 39

NET CHANGE IN SECURITIES AND BANK LOANS OUTSTANDING

—	1960	1961	1962	1 Half 1962	2 Half 1962
	(Millions of dollars)				
Government of Canada					
Securities[1]	669	1,110	787	−371	1,158
Provincial governments					
Securities	477	935	669	288	381
Bank loans	89	−82	−17	−22	6
Sub-total	*566*	*853*	*653*	*266*	*387*
Municipal governments					
Securities	283	208	215	101	114
Bank loans	−14	30	−3	45	−48
Sub-total	*269*	*238*	*212*	*146*	*65*
Private Canadian Borrowers					
Corporate bonds	318	346	314	227	87
Corporate stocks[2]	172	224	250	98	152
Finance Co. notes	10	−67	70	43	27
Bank loans[3]	392	422	888	666	222
Sub-total	*892*	*924*	*1,521*	*1,033*	*488*
Total	**2,396**	**3,126**	**3,172**	**1,074**	**2,098**

SOURCE: Bank of Canada.

(1)Government of Canada and C.N.R. securities held outside Government accounts.

(2)Excludes chartered bank stock issues.

(3)All other chartered bank loans in Canadian currency, including day-to-day and call loans to securities dealers and Mortgage Loans.

NOTE: Totals may not add due to rounding.

1962 there were special influences which caused their rate of borrowing to accelerate to a total of $1,033 million, practically all of which was concentrated in the second quarter. Private borrowing was about 25 per cent higher in this quarter than in any previous three-month period. Much of the private borrowing was in the form of bank loans.

The swollen level of bank loans during the summer was partly associated with the continued expansion in the economy. In addition there were other influences which probably contributed. In the period leading up to the exchange crisis, expectations of a further fall in the value of the Canadian dollar probably led to advance buying of imports and remittance of earnings abroad. Some corporations and governmental bodies postponed security issues because of unsettled conditions in the stock and bond markets and relied instead on bank loans. Some bank borrowers may have anticipated tighter money conditions, and engaged in precautionary borrowing.

The decline in private borrowing from $1,033 million in the first half of 1962 to $488 million in the latter half, probably reflected, in part, the reversal of the above temporary influences together with the effects of reduced business inventory accumulation towards the close of the year.

Overall borrowings by governments were sharply lower in 1962 than in 1961. The distribution of borrowings between the two halves of the year was opposite to that described above for the private sector. The uneven distribution of borrowings by the Federal Government accounts for most of the concentration of total government borrowings in the second half of the year.

The pattern of federal financing was sharply distorted by foreign exchange developments during 1962. In the first half of the year large scale liquidation of exchange reserves by the Federal Government provided it with funds to maintain unusually large cash balances at the chartered banks, and at the same time appreciably reduce the total amount of marketable government bonds outstanding. On June 24, one of the emergency measures announced was that the cash resulting from the sale of foreign exchange since the beginning of the 1962–63 fiscal year—about $600 million—would be earmarked for future purchases of foreign exchange by the Exchange Fund Account.

In the course of rebuilding the exchange reserves the Federal Government drew down its cash balances at the chartered banks from July to early November raising new cash from securities market again. In the second half of 1962 the Federal Government raised $1,158 net million from sales of Canada Savings Bonds and marketable securities to the public, and from net sales of securities held by Government accounts.

Following the mid-year financial instability the Federal Government's first public financing operation on August 1 took the form of a straight refunding. An issue maturing on June 15 had been paid off out of government cash balances, some of this issue having been handled previously by an advance refunding with the Bank of Canada. Included in the August 1 refunding was the sale of $120 million in 18-year bonds. This was the first long-term issue since the C.N.R. issue in late 1960.

In September the Federal Government raised net new money from the securities market for the first time since March. At each weekly auction of Treasury Bills from September 6 to November 1, it sold $15 million more than the amounts maturing, raising a total of $135 million in new cash. A further $82 million in new cash was raised from domestic debt operations on October 1. The debt management operations from December 1 to January 1 constituted, on a net basis, a refunding of existing government debt.

The average term to maturity of Government of Canada and C.N.R. market securities was steady at about eight years during the first seven months of 1962. It lengthened to eight years and two months in August, reflecting the

issue of 18-year bonds and lengthened again in December to eight years five months, reflecting the fact that almost all the holders of the 5½ per cent Government of Canada bonds due April 1, 1963 exercised their option to exchange them by the end of 1962, into an equal par value of 5½ per cent non-callable bonds due April 1, 1976.

The yield to maturity offered on the 1962 Series of Canada Savings Bonds, announced on September 14, was high, and sales were large. The bulk of the proceeds from the sale of Canada Savings Bonds became available to the government in November, and accounted, as in previous years, for a sharp increase in government cash balances in that month. The net sale of Canada Savings Bonds during 1962 provided the Government with $540 million in new cash compared to $486 million in 1961, $382 million in 1960 and $317 million in 1959. Individual purchase orders for the 1962 Series up to March 31 numbered almost 1,667,817 of which 674,894 were made under the Payroll Savings Plan at factories, offices and other places of work. The average amount of the 1962 Series bought by each person under the Payroll Savings Plan was $343.

Housing Finance

Housing starts totalled 130,000 in 1962, an increase of 3.6 per cent from those in 1961. Expenditures on residential construction rose 8 per cent to a total of $1.6 billion. This represented 3.9 per cent of Gross National Expenditure in 1962, the same as in 1961, but somewhat less than in previous years, reflecting in part the decline in net family formation.

There were important shifts during 1962 in the composition of housing starts, by type, and in the sources of financing for residential construction expenditures. Starts of rental dwellings increased noticeably while starts of dwellings for home-ownership declined slightly. The proportion of rental dwelling starts to total starts increased from about 37 per cent in 1961 to about 41 per cent in 1962. Partly associated with this trend was an increase in conventional mortgage lending and a shift away from financing under N.H.A. (See Table 40.)

TABLE 40

EXPENDITURES ON NEW HOUSING BY SOURCE OF FUNDS

—	1960	1961	1962
	(Millions of dollars)		
CMHC direct loans and other public funds	308	300	224
Institutional funds—NHA			
Chartered banks	42	1	0
Life Insurance Companies	112	227	227
Loan and Trust Companies, etc	23	160	170
Sub-total	*177*	*388*	*397*
Institutional funds—Conventional			
Life Insurance Companies	201	171	277
Loan and Trust Companies, etc	93	79	133
Sub-total	*294*	*250*	*411*
Equities of owners in addition to the above Mortgages and other funds[1]	692	547	576
Total[2]	**1,472**	**1,485**	**1,608**

[1] These include equities of owners or builders on dwellings being financed with mortgages from public funds or from institutional lenders. They also include equities on dwellings financed with mortgage loans from non-institutional lenders or by loans other than mortgages, or equities on dwellings fully financed by their owners.

[2] Differs slightly from public and private expenditures on housing in Table 14, which includes major alterations to buildings but not the cost of land. Table 40 includes the cost of land but not major alterations to buildings.

NOTE: Totals may not add due to rounding.

N.H.A. lending activity in 1962, including institutional and direct C.M.H.C. loans, was below the previous year. The decline was particularly marked from June to November and was associated with a temporary narrowing in the spread between the maximum N.H.A. interest rate of 6½ per cent in 1962 and long-term bond yields.

In 1962 C.M.H.C. conducted further auctions of insured mortgages from its portfolio as part of its continuing actions to promote a secondary market in mortgages. Sales totalled $48 million compared to $40 million in 1961. On December 6, 1962, the Government announced the establishment of a $100 million re-discount facility as a further step in the development of a secondary market for N.H.A. mortgages. C.M.H.C. will make funds available as a lender of last resort to N.H.A. approved lenders. Total loans to any one company may not exceed three times its paid-up capital or $5 million, whichever is the smaller.

Consumer Credit

Personal expenditures on goods and services increased 5.2 per cent in 1962 compared to 4.1 per cent in 1961. Sales of new automobiles featured prominently in the increase. In 1962 consumer credit extended by banks, finance companies and retail stores rose by 8.7 per cent or $296 million compared to 6.0 per cent or $192 million in 1961.

During the year there were divergent trends among the main lenders. The sharp increase in chartered bank consumer credit levelled off after mid-year, after allowance for seasonal influences, then started to rise again at the close of the year. Instalment finance company loans stopped declining early in 1962, followed a level trend during most of the year, and then towards the end of the year started to pick up. The small loan companies accelerated the previously moderate rate of increase in their loans in late 1961 and continued in this trend throughout 1962. Credit extended by retail stores rose moderately in 1962.

TABLE 41

NET CHANGE IN CONSUMER CREDIT AND OTHER LOANS TO INDIVIDUALS

—	1960	1961	1962
	(Millions of dollars)		
Consumer Credit			
Chartered bank personal loans secured by household property etc.[1]	138	173	153
Instalment finance companies	22	−72	15
Small loan companies	65	45	95
Department stores	50	33	26
Other retail dealers	−5	13	7
Total	270	192	296
Other Loans			
Chartered bank personal loans secured by bonds and stocks	4	50	36
Chartered bank government-guaranteed home improvement loans	−4	10	4
Life insurance Co. policy loans	21	14	13
Quebec savings banks	1	3	10
Credit unions	36	92	n.a.

[1] Excludes personal loans fully secured by marketable bonds and stocks and home improvement loans.

n.a.=not available.

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1962-1963

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PART II

REVIEW OF GOVERNMENT ACCOUNTS

1962–63

1. INTRODUCTION

This Part of the Budget Papers presents in a concise manner a review of the accounts of the Government of Canada for the fiscal year 1962–63. The figures used are preliminary and will vary to some extent from the final figures when they become available on the closing of the books. The government's fiscal year ended on March 31, but in accordance with section 35 of the Financial Administration Act the books must remain open for some time after that date to take into account all payments up to and including April 30, originating in and properly chargeable to the fiscal year 1962–63 and to record various adjusting entries.

When Parliament was dissolved on February 6, 1963 the Revised Estimates and Supplementary Estimates (A) and (B) for 1962–63 had not been passed by the House of Commons. At that time Appropriation Acts had been passed authorizing the expenditure of only ten-twelfths of the estimates, and the remainder of the payments for the fiscal year were made under the authority of Special Governor General's Warrants issued on February 8, 1963 and March 4, 1963 in accordance with section 28 of the Financial Administration Act. It is not expected that the books for the fiscal year will be closed until a Special Appropriation Act is passed by Parliament, covering the Special Governor General's Warrants and authorizing certain accounting adjustments that remain to be made.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1962–63

This section outlines the budgetary and non-budgetary transactions, the operations of the old age security fund, and the debt transactions during 1962–63, and the cash position as at March 31, 1963.

The following table summarizes the budgetary and non-budgetary transactions for the fiscal year and indicates how the budgetary and non-budgetary transactions, including changes in unmatured debt, affected the government's cash balances. More detailed explanations of these transactions are given in subsequent sections of this Part.

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31			
	1963 (preliminary)		1962	
Budgetary transactions—				
Revenues—				
Tax	5,237		5,111	
Non-tax	639		619	
	5,876		*5,730*	
Expenditures—				
Defence	−1,602		−1,650	
Non-defence	−4,983		−4,871	
	−6,585		*−6,521*	
Deficit (−)		**−709**		**−791**
Non-budgetary transactions—				
Receipts and credits (excluding unmatured debt transactions)—				
Repayment of temporary loans to old age security fund			17	
Repayment of advances to the exchange fund account			231	
Repayment of other loans, investments and working capital advances	162		120	
Increase in non-interest-bearing notes payable on demand	385			
Net government annuities account receipts	26		36	
Net insurance and pension account receipts	473		257	
Other non-budgetary receipts	94		216	
	1,140		*877*	
Disbursements and charges (excluding unmatured debt transactions)—				
Temporary loans to old age security fund	−41			
Decrease in non-interest-bearing notes payable on demand			−12	
Other loans, investments and working capital advances	−614		−481	
Advances to the exchange fund account	−943			
Other non-budgetary disbursements	−300		−71	
	−1,898		*−564*	
Net amount available from or required for (−) non-budgetary transactions		**−758**		**313**
Overall cash requirements to be financed by increase in debt or decrease in cash balances		**−1,467**		**−478**
Net increase in unmatured debt outstanding in the hands of the public		**1,064**		**895**
Net increase or decrease (−) in Receiver General bank balances		**−403**		**417**

Budgetary transactions

The revenues and expenditures as forecast in the budget speech of April 10, 1962 and revised on October 22, 1962 and the actual figures as now estimated are shown in the following table:

TABLE 2

(in millions of dollars)

Budgetary Transactions for Fiscal Year 1962–63	Budget forecast April 10, 1962	Revised forecast October 22, 1962	Actual (preliminary)	Increase or decrease (−) compared with October 22, 1962 forecast	
				Amount	Per cent
Revenues	5,780.0	5,930.0	5,876.1	−53.9	−0.91
Expenditures	−6,525.0	−6,500.0	−6,585.1	85.1	1.31
Surplus or deficit (−)	−745.0	−570.0	−709.0	139.0	

Revenues

The budgetary revenues for the fiscal year ended March 31, 1963 amounted to $5,876 million. This is $54 million or almost one per cent less than the revised figure of $5,930 million forecast on October 22, 1962, and $146 million or 2½ per cent more than the total of $5,730 million collected in the fiscal year 1961–62.

Tax revenues accounted for $126 million of the increase over the previous year. The yield from personal income tax was $48 million less than in 1961–62 due to the provincial tax collection agreements which came into effect on January 1, 1962, offset in part by a higher level of incomes during the year. The yield from corporation income tax was $19 million less than the 1961–62 collections also due to the provincial tax collection agreements offset in part by higher corporate profits in 1961. Receipts from the sales tax were $46 million more, from customs import duties $111 million more (due to special surcharges imposed by the government in order to bolster the foreign exchange reserves) and from excise duties $19 million more than the comparable amounts in 1961–62.

Non-tax revenues accounted for $21 million of the total increase in revenue. Post office revenue was $9 million higher, receipts from other non-tax revenue were $8 million higher and returns on investments were $4 million higher than the previous year.

Expenditures

Budgetary expenditures in the amount of $6,585 million in 1962–63 were $85 million or approximately 1.3 per cent higher than forecast on October 22, 1962 and $64 million or approximately one per cent more than total expenditures in 1961–62.

Expenditures for defence again constituted the largest item, amounting to $1,602 million or 24 per cent of the total expenditures, compared with $1,650 million or 25 per cent in 1961–62.

Civil or non-defence expenditures amounted to $4,983 million, an increase of $112 million over the corresponding total for the previous fiscal year. There were increases of $179 million in expenditures of the Department of Labour (including an increase of $171 million in technical and vocational training assistance) and $83 million in expenditures of the Department of National Health and Welfare (including an increase of $53 million in the government's contribution under the Hospital Insurance and Diagnostic Services Act) and decreases of $158 million in the expenditures of the Department of Finance (including a decrease of $266 million in fiscal, tax-sharing, subsidy and other payments to provinces due to the lapsing on December 31, 1961 of the 1957 tax-sharing agreements, offset in part by an increase of $79 million in public debt charges) and $53 million in expenditures of the Department of Agriculture (including decreases of $40 million in the prairie farm emergency fund deficit and $40 million in payments to western grain producers due to the fact that no provision had been made for such payments for the 1962–63 crop year, offset in part by an increase of $50 million in the net operating loss of the agricultural stabilization board).

More detailed explanations of budgetary revenues by source and expenditures by classification and department are given in section 3 of this Part.

Deficit

On the basis of these preliminary figures the deficit for the fiscal year was $709 million compared with the deficit of $570 million as forecast on October 22, 1962, and the deficit of $791 million in 1961–62.

Non-budgetary transactions

A net amount of $758 million was required during the fiscal year to finance non-budgetary transactions (excluding unmatured debt transactions). Non-budgetary disbursements and charges totalled $1,898 million and receipts and credits, $1,140 million. Requirements for disbursements and charges were: $943 million for advances to the exchange fund; $614 million for other loans and investments and working capital advances; $41 million for temporary loans to the old age security fund; and $300 million for other non-budgetary disbursements. Amounts available from various receipts and credits were: $385 million from non-interest-bearing notes payable on demand; $499 million from the net receipts from various annuity, insurance and pension accounts; $162 million from repayments of loans, investments and working capital advances; and $94 million from other non-budgetary sources.

Old age security fund

Pension payments from the old age security fund totalled $734 million in 1962–63 compared with $625 million in the previous fiscal year. The increase of $109 million was largely the effect of the increased rate of payment (from $55 to $65 per month) effective February 1, 1962. The full impact of the increased expenditure resulting from this increase was not reflected in the 1961–62 totals as they were in effect for only two months of that year whereas in 1962–63 they were in effect for twelve months. As there was a balance of $2 million in the fund at March 31, 1962, the excess of $43 million of pension payments over receipts was financed by temporary loans from the Minister of Finance in the amount of $41 million. These loans were outstanding at March 31, 1963.

The transactions in the account during 1962–63 compared with those for the previous fiscal year were as follows:

	Fiscal year ended March 31	
	1963 (preliminary)	1962
	(in millions of dollars)	
Pension payments	734	625
Tax receipts	691	644
Excess of receipts over payments applied in part to the repayment of temporary loans from the Minister of Finance, or excess of payments over receipts (−) covered in part by temporary loans from the Minister of Finance	−43	19
Balance in fund		2
Temporary loans outstanding at fiscal year end	41	

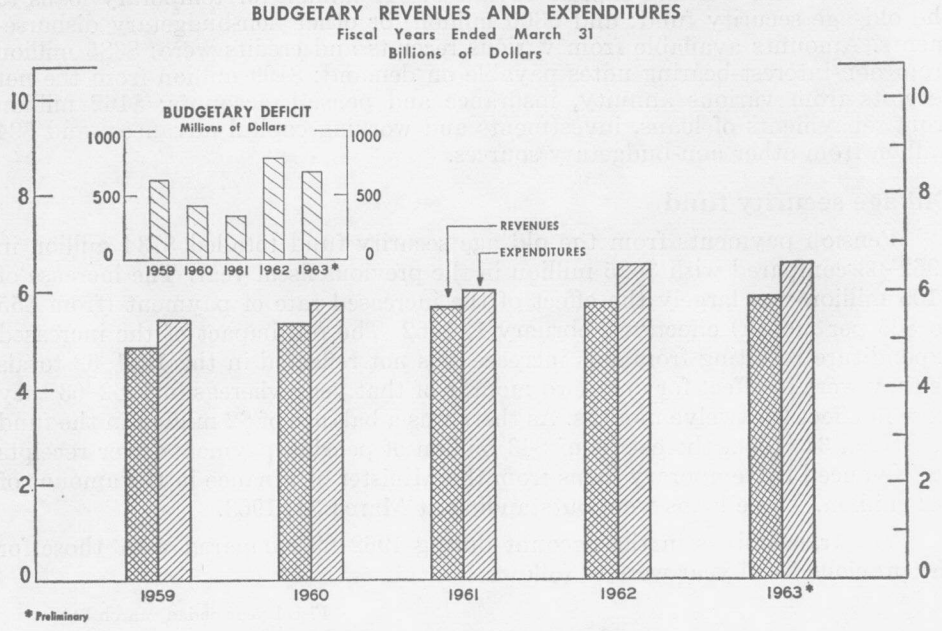
Debt transactions

During 1962–63 the gross public debt increased by $1,904 million to $24,812 million due to an increase of $1,016 million in unmatured debt and $888 million in other liabilities. The increase in unmatured debt was the result of the government issuing securities amounting to $4,385 million (excluding the refunding of treasury bills which mature weekly) plus an adjustment of $10 million due to revaluation of securities (issued in prior years) payable in London and New York, and redeeming or converting issues in the amount of $3,379 million. During the same period the government's net assets increased by $1,195 million to $10,875 million. As a result, the government's net debt was $13,937 million at March 31, 1963, the increase of $709 million being equivalent to the budgetary deficit for the fiscal year.

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Cash position

The government's cash position was $403 million lower at March 31, 1963 than it was at March 31, 1962. The budgetary deficit of $709 million plus the amount of $758 million required for non-budgetary transactions was financed by increasing unmatured debt outstanding in the hands of the public by $1,064 million and by drawing down Receiver General cash balances by $403 million.



3. THE BUDGETARY ACCOUNTS

Total revenues were $5,876 million for 1962–63, $146 million more than the total for the previous year. Total expenditures were $6,585 million, an increase of $64 million over the total for 1961–62. The deficit for the fiscal year 1962–63 was $709 million compared with $791 million for the previous year.

TABLE 3

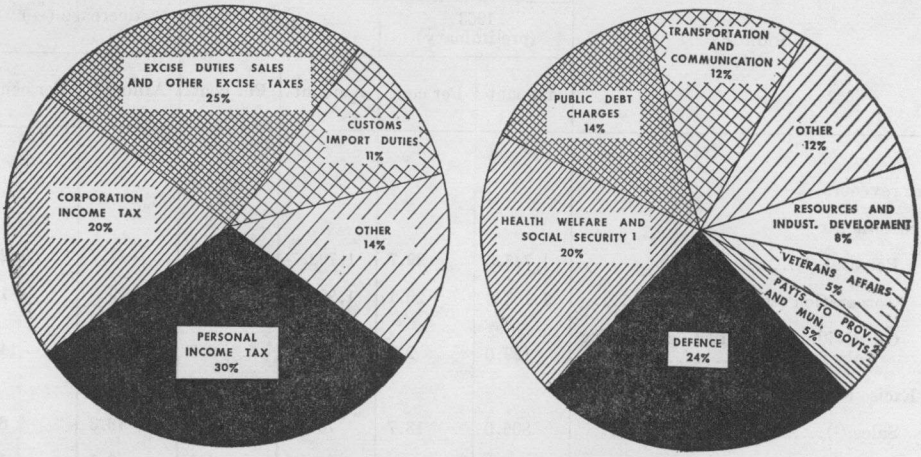
BUDGETARY REVENUES, EXPENDITURES AND DEFICIT
(in millions of dollars)

Fiscal year ended March 31	Budgetary revenues	Budgetary expenditures	Deficit (−)
1959	4,754.7	5,364.0	−609.3
1960	5,289.8	5,702.9	−413.1
1961	5,617.7	5,958.1	−340.4
1962	5,729.6	6,520.6	−791.0
1963 (preliminary)	5,876.1	6,585.1	−709.0

BUDGETARY REVENUES BY MAJOR SOURCE

BUDGETARY EXPENDITURES BY MAJOR FUNCTION

For Fiscal Year Ended March 31, 1963



1. Does not include payments out of old age security fund.
2. Does not include those payments made to provincial and municipal governments for specific purposes.

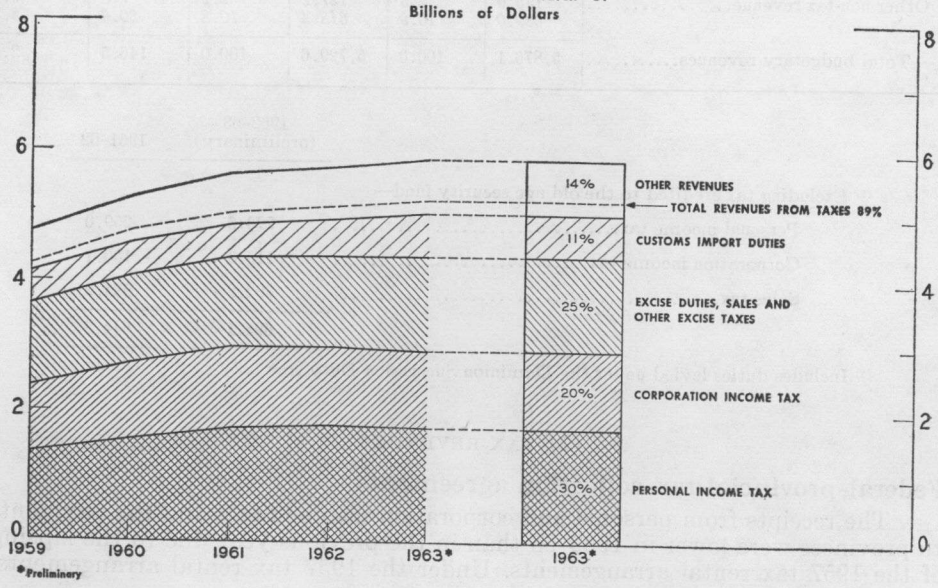
A. Revenues

Budgetary revenues were $5,876 million for 1962–63 compared with $5,730 million in 1961–62, an increase of $146 million or approximately 3 per cent. Tax revenues of $5,237 million accounted for 89 per cent of the total and non-tax revenues of $639 million accounted for 11 per cent.

BUDGETARY REVENUES BY SOURCE

Fiscal Years Ended March 31

Billions of Dollars



*Preliminary

TABLE 4

BUDGETARY REVENUES BY MAJOR SOURCES
(in millions of dollars)

SOURCE	Fiscal year ended March 31				Increase or decrease (−)	
	1963 (preliminary)		1962			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Income tax—						
Personal (1)	1,745.0	29.7	1,792.7	31.3	−47.7	−2.7
Corporation (1)	1,183.0	20.1	1,202.0	21.0	−19.0	−1.6
On dividends, interest, etc., going-abroad	129.0	2.2	112.3	2.0	16.7	14.9
Excise taxes—						
Sales (1)	806.0	13.7	759.7	13.2	46.3	6.1
Other	260.0	4.4	262.5	4.6	−2.5	−1.0
Customs import duties	645.0	11.0	534.5	9.3	110.5	20.7
Excise duties	382.0	6.5	362.8	6.3	19.2	5.3
Estate tax (2)	87.0	1.5	84.6	1.5	2.4	2.8
Other taxes	0.1		0.1			
	5,237.1	*89.1*	*5,111.2*	*89.2*	*125.9*	*2.5*
Non-tax revenues—						
Return on investments	311.0	5.3	307.5	5.4	3.5	1.1
Post office revenue	193.0	3.3	183.7	3.2	9.3	5.1
Other non-tax revenue	135.0	2.3	127.2	2.2	7.8	6.1
	639.0	*10.9*	*618.4*	*10.8*	*20.6*	*3.3*
Total budgetary revenues	5,876.1	100.0	5,729.6	100.0	146.5	2.6

	1962–63 (preliminary)	1961–62
(1) Excluding tax credited to the old age security fund—		
Personal income tax	273.6	259.0
Corporation income tax	115.3	100.1
Sales tax	302.2	284.9
	691.1	644.0

(2) Includes duties levied under the Dominion Succession Duty Act.

(1) TAX REVENUES

Federal-provincial tax-collection agreements

The receipts from personal and corporation income taxes and the payments to provinces were lower in 1962–63 than in the previous year due to the lapsing of the 1957 tax rental arrangements. Under the 1957 tax rental arrangements,

the obligation on the renting provinces to abstain from the imposition of personal and corporation income taxes was to lapse on December 31, 1961. Under the new arrangements the former renting provinces have all imposed personal and corporation income taxes effective January 1, 1962. The Government of Canada, in place of the tax rental arrangements, offered to enter into tax collection agreements with the provinces whereby Canada would undertake to collect, without charge, the provincial personal and corporation income taxes at rates determined by the provinces, provided that the provincial personal income tax was expressed as a percentage of the federal personal income tax payable and the provincial corporation income tax employed a definition of corporate taxable income identical with the federal definition. To facilitate the imposition of the provincial income taxes, the Income Tax Act was amended in the 1961 session of Parliament (1) to reduce the federal income tax payable by individuals resident in the provinces by 16 per cent in 1962 and by a further one per cent in each subsequent year until the deduction amounts to 20 per cent in 1966, and (2) to reduce the federal tax rate on the taxable income of corporations earned in the provinces by 9 percentage points. Canada has entered into agreements to collect the personal income tax, with all the provinces with the exception of the Province of Quebec, and to collect the corporation income tax, with all the provinces with the exception of the Provinces of Ontario and Quebec. With the exception of Saskatchewan and Manitoba, the provinces which have entered into tax-collection agreements have imposed personal and corporation income taxes equivalent to the federal withdrawal. The Provinces of Manitoba and Saskatchewan have imposed personal income taxes at 22 per cent rather than 16 per cent of the federal tax payable and 10 per cent rather than 9 per cent of the taxable income of corporations.

Under these agreements payments are made monthly to the provinces based on estimated receipts. When the actual amounts of the returns are established, usually in the month of December following the fiscal year-end, adjustments are to be made with the provinces.

Tax on personal incomes

The personal income tax was again in 1962–63 the largest source of government revenue. The yield (excluding the old age security tax) was $1,745 million or 30 per cent of all budgetary revenue, $48 million or 3 per cent less than the 1961–62 collections. However, in addition to the federal revenue of $1,745 million, $252 million was collected on behalf of the provinces under the new federal-provincial tax collection agreements. This compares with the situation in 1961–62 when all income taxes (with the exception of $37 million which had been collected for the provinces) were credited to federal revenue and payments were made to the provinces and charged to budgetary expenditure. Therefore, although the government's books reflect lower receipts of personal income taxes in 1962–63 when compared with 1961–62, there was actually an increase of $204 million in personal income taxes collected due to higher levels of employment and incomes during 1962.

The tax on personal incomes levied under the Old Age Security Act and credited to the old age security fund amounted to $274 million.

Corporation income tax

On January 1, 1962 the system, whereby the federal government made tax rental payments to certain provinces and charged these to expenditures, was changed so that the provinces' share of corporation income taxes is collected by the federal government and is remitted directly to the provinces without being included in federal revenue or expenditure. In addition to the federal revenue of $1,183 million (excluding the old age security tax), $65 million was

collected on behalf of the provinces. Although the government's accounts show lower collections of corporation income taxes of $19 million or 2 per cent when compared with those of 1961–62 there was actually an increase of $46 million in collections. The increase was due to higher corporate profits for the calendar year 1961 on which collections of corporation income taxes in 1962–63 were largely based.

Provincial corporation income taxes collected by the federal government are remitted to the provinces in accordance with agreements between the federal government and the provincial governments. A more detailed explanation will be found at the beginning of this section on tax revenues.

In addition to the above, the tax on incomes of corporations levied under the Old Age Security Act in the amount of $115 million was credited to the old age security fund.

Taxes on dividends, interest, etc., going abroad

Revenue in this category is derived from taxes withheld on payments of dividends, interest, rents, royalties, alimony and income from estates and trusts paid to non-residents. Collections for 1962–63 were $129 million, an increase of $17 million over the comparable total for 1961–62 reflecting higher dividend payments in 1962.

Excise taxes

Revenue under this heading includes collections from the general sales tax and other special excise taxes.

From a revenue standpoint the sales tax was the most important tax levied under the Excise Tax Act. Receipts therefrom (excluding the old age security tax) were $806 million, $46 million or about 6 per cent higher than in the previous fiscal year.

The tax on sales, levied under the Old Age Security Act, in the amount of $302 million was credited to the old age security fund.

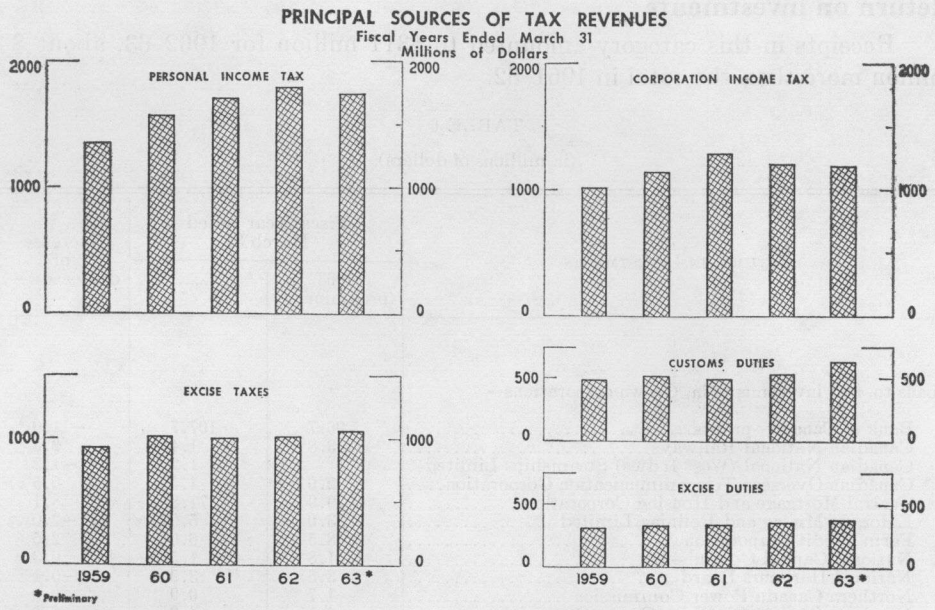
Excise taxes levied under the Excise Tax Act, other than the general sales tax, were $260 million, a decrease of $3 million from the 1961–62 total of $263 million. The main changes were an increase of $9 million in the excise taxes on tobacco products and a decrease of $14 million in net revenue from the excise tax on passenger automobiles. In 1961–62 the excise tax on passenger automobiles amounted to $25 million and refunds due to the repeal of the tax effective June 21, 1961 totalled $11 million resulting in net receipts of $14 million.

Customs import duties

Customs import duties were $645 million for 1962–63, an increase of $111 million over the comparable figures for 1961–62. This increase was due in large part to the surcharges which were in effect in 1962–63.

Excise duties

Excise duties are levied on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act.) Net receipts in 1962–63 were $382 million compared with $363 million in 1961–62. Gross receipts of $221 million from taxes on alcoholic beverages and $166 million from taxes on tobacco products were partly offset by refunds and drawbacks totalling $5 million. Comparable amounts in 1961–62 were $207 million, $160 million and $4 million respectively.



Estate tax

Revenue from this source was $87 million for 1962–63, an increase of approximately $2 million over the total for the previous year.

Other taxes

Revenue under this heading was $100 thousand, slightly higher than for 1961–62.

(2) NON-TAX REVENUES

Non-tax revenues totalled $639 million for 1962–63, an increase of $21 million or approximately 3 per cent over the comparable total in 1961–62.

TABLE 5

(in millions of dollars)

NON-TAX REVENUES	Fiscal year ended March 31		Increase or decrease (−)	
	1963 (preliminary)	1962	Amount	Per cent
Return on investments	311.0	307.5	3.5	1.1
Post office revenue	193.0	183.7	9.3	5.1
Refunds of previous years' expenditure	22.4	18.1	4.3	23.8
Services and service fees	45.8	42.4	3.4	8.0
Proceeds from sales	25.9	25.9		
Privileges, licences and permits	24.9	23.3	1.6	6.9
Bullion and coinage	8.8	8.0	0.8	10.0
Premium, discount and exchange		1.8	−1.8	−100.0
Other	7.2	7.7	−0.5	−6.5
	639.0	618.4	20.6	3.3

Return on investments

Receipts in this category amounted to $311 million for 1962–63, about $4 million more than the total in 1961–62.

TABLE 6

(in millions of dollars)

Return on Investments	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Loans to, and investments in, Crown corporations—			
Bank of Canada—profits	96.7	107.7	−11.0
Canadian National Railways	3.8	1.4	2.4
Canadian National (West Indies) Steamships Limited		1.2	−1.2
Canadian Overseas Telecommunication Corporation	2.0	1.5	0.5
Central Mortgage and Housing Corporation	79.9	71.8	8.1
Eldorado Mining and Refining Limited	3.0	5.0	−2.0
Farm Credit Corporation	8.5	6.0	2.5
National Capital Commission	1.8	1.5	0.3
National Harbours Board	3.5	3.9	−0.4
Northern Canada Power Commission	1.7	0.9	0.8
Northern Ontario Pipe Line Crown Corporation	4.1	4.3	−0.2
Polymer Corporation Limited	1.5	3.0	−1.5
Miscellaneous	0.5	0.3	0.2
	207.0	*208.5*	*−1.5*
Other loans and investments—			
United Kingdom	21.5	21.8	−0.3
Other national governments	7.8	9.0	−1.2
Provincial governments	0.7	1.7	−1.0
Soldier and general land settlement loans and veterans land act advances	6.3	6.0	0.3
Exchange fund account	35.2	32.6	2.6
Purchase fund account	10.3	9.3	1.0
Securities investment account	2.0	5.7	−3.7
Sinking fund and other investments held for retirement of unmatured debt	1.1	0.7	0.4
Interest-bearing deposits with chartered banks	14.4	6.4	8.0
Unemployment Insurance Commission		3.0	−3.0
Miscellaneous	4.7	2.8	1.9
	104.0	*99.0*	*5.0*
	311.0	307.5	3.5

Receipts from Crown corporations were $207 million in 1962–63, a decrease of $2 million from the total in the previous fiscal year. The main changes were a decrease of $11 million in the Bank of Canada profits and an increase of $8 million in receipts from the Central Mortgage and Housing Corporation.

Other loans and investments yielded $104 million in 1962–63 compared with $99 million in 1961–62. The increase of $5 million was due mainly to increases of $8 million in interest on Receiver General deposits with the chartered banks, $3 million in the earnings of the exchange fund account and $1 million in receipts from the purchase fund account that was established during 1961–62 to assist in the management of the public debt, partly offset by decreases of $4 million in receipts from the securities investment account and $3 million in interest on loans to the Unemployment Insurance Commission.

Post office revenue

Gross post office receipts totalled $223 million but authorized disbursements from revenue for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through and delivered in foreign countries, etc., in the amount of $30 million, brought net revenue to $193 million. In 1961–62 gross receipts were $214 million, authorized disbursements were $30 million and net revenue was $184 million.

As costs of operating the Post Office Department during 1962–63 (excluding the $30 million charged to revenue) were $189 million, net revenue exceeded net expenditure by $4 million. However, in making this comparison, it is to be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

TABLE 7

(in millions of dollars)

Post Office Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Postage—			
In Canada	207.3	198.6	8.7
From foreign countries	4.5	3.8	0.7
Commission on money orders	7.7	7.7	
Rental of post office boxes	2.1	2.0	0.1
Other	1.4	1.4	
	223.0	*213.5*	*9.5*
Less—			
Salaries and allowances at semi-staff and revenue offices	−25.2	−25.2	
Charges on parcels for delivery in foreign countries	−1.5	−1.9	0.4
Transit charges on foreign correspondence	−1.3	−1.5	0.2
Other	−2.0	−1.2	−0.8
	−30.0	*−29.8*	*−0.2*
	193.0	183.7	9.3

Refunds of previous years' expenditures

Refunds in 1962–63 of expenditures made in prior years were $22 million, an increase of $4 million over the comparable total for 1961–62.

The Department of National Defence received $9 million, of which $1 million was refunds on defence contracts resulting from cost audits and $2 million in respect of contracts with the United States Government for the supply of defence equipment under an arrangement that when Canada places contracts with the Government of the United States, payments of estimated costs are made to the United States Treasury. If these estimated costs are revised or, if there are reductions in the contracts, the United States Government refunds the excess

payments. The Department of Finance received $6 million mainly due to a refund from the Province of Ontario in connection with succession duty payments under the tax rental agreements. The Department of Trade and Commerce received $1 million due to a refund from the Eldorado Mining and Refining Limited of expenditures in 1961–62 under a contract between Eldorado Mining and Refining Limited on behalf of Her Majesty and Macassa Gold Mines Limited for the purchase by Her Majesty of uranium concentrates.

Services and service fees

Revenues of $46 million were received during 1962–63, an increase of $3 million over the previous fiscal year.

Approximately 83 per cent of these fees was collected by the following four departments: $15 million received by the Department of Transport, including aircraft landing fees of $6 million and marine steamers earnings of $4 million; $13 million by the Royal Canadian Mounted Police, mainly for police services to provinces and municipalities; $6 million by the Department of Agriculture, of which $4 million was for services in connection with the inspection, weighing, storage and elevation of grain and $1 million for race track supervision; and $4 million by the Department of National Health and Welfare, due mainly to reimbursement of $3 million by the provinces for treatment of Indians in federal government hospitals.

Proceeds from sales

Receipts from this source totalled $26 million for 1962–63, approximately the same as the total for 1961–62.

Included in this category were receipts of: $10 million by the Department of Defence Production, of which $8 million represents amounts from the sale of surplus Crown assets (after deducting certain agency fees and transfers) and $2 million under agreements of sale of Crown assets; $5 million by the Department of Public Works representing the proceeds of the sales of properties by Central Mortgage and Housing Corporation; and $5 million by the Department of National Defence, mainly from sales of materials and supplies and from sales of meals.

Privileges, licences and permits

Revenues in this category were $25 million for 1962–63 compared with the 1961–62 total of $23 million.

Included in this revenue were $10 million received by the Department of Transport, mainly for rentals, concessions and radio licence fees; $4 million by the Department of Northern Affairs and National Resources; $2 million by the Department of the Secretary of State, mainly for patent fees; $2 million by the Department of Public Works for rental of public buildings and sites; and $2 million by the Department of National Defence, of which $1 million was for rental of quarters to armed forces personnel.

Bullion and coinage

Revenues in this category of $9 million were derived from the operations of the Royal Canadian Mint and consisted mainly of a net gain on coinage. Small amounts were also obtained from gold refining charges, handling charges and gain on gold refining.

Premium, discount and exchange

Premium, discount and exchange transactions for 1962–63 resulted in a net expenditure of $10 million, compared with a net revenue of $2 million in 1961–62.

The change from a revenue to an expenditure item was due to the change in accounting policy of revaluing securities payable in New York and London at the official parity rate rather than recording the loans in the government's books of account at $1 U.S. = $1 Can. and £1 = $2.80 Can. The official parity rate at March 31, 1963 was $1 U.S. = $1.08108 Can. and £1 = $3.027 Can.

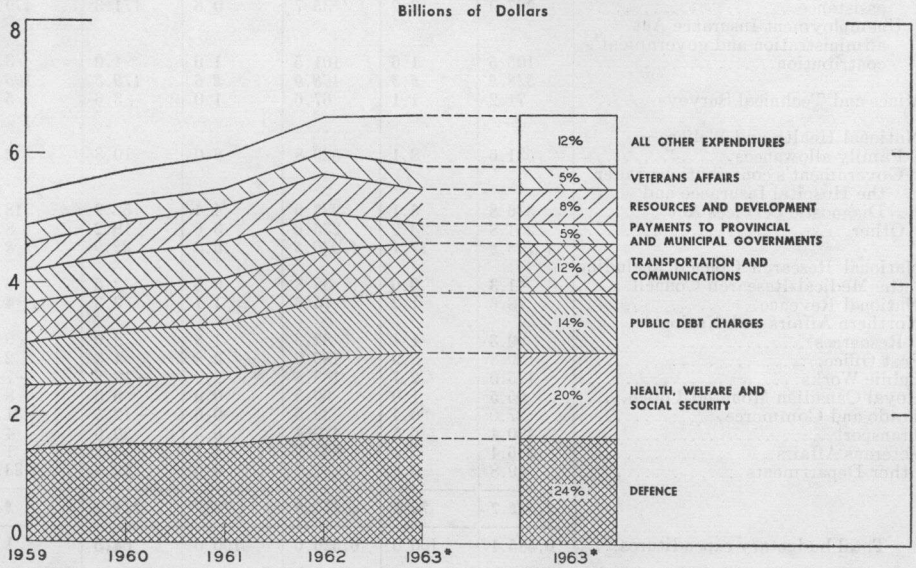
Other non-tax revenues

Other non-tax revenues amounted to $7 million for 1962–63, approximately the same as for the previous fiscal year.

B. Expenditures

Budgetary expenditures for 1962–63 amounted to $6,585 million, an increase of $64 million over the 1961–62 total of $6,521 million.

BUDGETARY EXPENDITURES, CLASSIFIED BY FUNCTION
Fiscal Years Ended March 31
Billions of Dollars



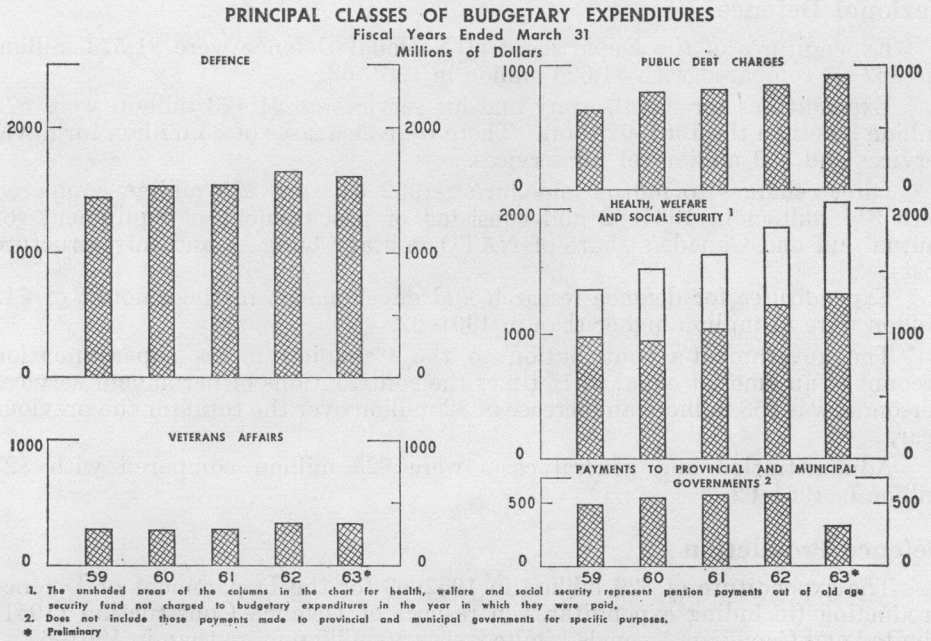
1. Does not include those payments made to provincial and municipal governments for specified purposes.
2. Does not include pension payments out of the old age security fund not charged to budgetary expenditures in the year in which they were paid.

*Preliminary

TABLE 8

STATEMENT OF BUDGETARY EXPENDITURES BY DEPARTMENTS AND MAJOR CLASSIFICATIONS
(in millions of dollars)

—	Fiscal year ended March 31				Increase or decrease (−)	
	1963 (preliminary)		1962			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Defence expenditures—						
National Defence	1,572.9	23.9	1,626.1	24.9	−53.2	−3.3
Defence Production	29.5	0.4	23.9	0.4	5.6	23.4
	1,602.4	*24.3*	*1,650.0*	*25.3*	*−47.6*	*−2.9*
Non-defence expenditures—						
Agriculture	234.2	3.6	286.7	4.4	−52.5	−18.3
Atomic Energy	63.2	0.9	34.7	0.5	28.5	82.1
Canadian Broadcasting Corporation	80.8	1.2	78.2	1.2	2.6	3.3
Citizenship and Immigration	66.2	1.0	65.0	1.0	1.2	1.8
External Affairs	84.6	1.3	95.6	1.5	−11.0	−11.5
Finance—						
Public debt charges	918.0	13.9	839.0	12.9	79.0	9.4
Fiscal, tax-sharing, subsidy and other payments to provinces	275.5	4.2	541.2	8.3	−265.7	−49.1
Government's contribution to the public service superannuation account	51.1	0.8	46.9	0.7	4.2	9.0
Other	109.4	1.7	84.9	1.3	24.5	28.9
	1,354.0	*20.6*	*1,512.0*	*23.2*	*−158.0*	*−10.4*
Fisheries	23.2	0.3	23.1	0.4	0.1	0.4
Forestry	16.3	0.2	14.7	0.2	1.6	10.9
Justice	10.0	0.1	9.5	0.1	0.5	5.3
Office of the Commissioner of Penitentiaries	24.0	0.4	23.1	0.4	0.9	3.9
	34.0	*0.5*	*32.6*	*0.5*	*1.4*	*4.3*
Labour	35.7	0.5	31.7	0.4	4.0	12 6
Technical and vocational training assistance	207.0	3.2	35.7	0.6	171.3	479.8
Unemployment Insurance Act administration and government's contribution	105.5	1.6	101.5	1.6	4.0	3.9
	348.2	*5.3*	*168.9*	*2.6*	*179.3*	*106.2*
Mines and Technical Surveys	71.2	1.1	67.6	1.0	3.6	5 3
National Health and Welfare—						
Family allowances	531.6	8.1	520.8	8.0	10.8	2.1
Government's contributions under the Hospital Insurance and Diagnostic Services Act	336.8	5.1	283.9	4.4	52.9	18.6
Other	254.8	3.9	235.6	3.6	19.2	8.1
	1,123.2	*17.1*	*1,040.3*	*16.0*	*82.9*	*8.0*
National Research Council, including the Medical Research Council	41.3	0.6	38.8	0.6	2.5	6.4
National Revenue	78.6	1.2	75.3	1.1	3.3	4.4
Northern Affairs and National Resources	90.3	1.4	82.3	1.3	8.0	9.7
Post Office	189.3	2.9	185.0	2.8	4.3	2.3
Public Works	175.0	2.7	188.8	2.9	−13.8	−7.3
Royal Canadian Mounted Police	65.5	1.0	60.5	0.9	5.0	8.3
Trade and Commerce	27.0	0.4	39.5	0.6	−12.5	−31.6
Transport	430.4	6.5	410.4	6.3	20.0	4.9
Veterans Affairs	336.4	5.1	333.2	5.1	3.2	1.0
Other Departments	49.8	0.8	37.4	0.6	12.4	33.2
	4,982.7	*75.7*	*4,870.6*	*74.7*	*112.1*	*2.3*
Total budgetary expenditures	6,585.1	100.0	6,520.6	100.0	64.5	1.0



(1) DEFENCE EXPENDITURES

Defence expenditures which consist of expenditures of the Departments of National Defence and Defence Production were again the largest category of government budgetary expenditures. The total of $1,602 million for 1962–63 was approximately 24 per cent of the aggregate budgetary expenditures of the government for the year and was $48 million less than the total of $1,650 million for 1961–62, when outlays for defence were 25 per cent of total expenditures.

TABLE 9

(in millions of dollars)

Defence Expenditures	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Department of National Defence—			
Naval services	268.8	272.0	−3.2
Army services	442.3	442.4	−0.1
Air services	712.3	781.4	−69.1
	1,423.4	*1,495.8*	*−72.4*
Government's contribution to the Canadian forces superannuation account	58.1	56.0	2.1
Defence research and development	41.7	40.4	1.3
Mutual aid to NATO countries including contributions towards military costs of NATO	25.0	11.1	13.9
Administration and general	24.7	22.8	1.9
	1,572.9	1,626.1	−53.2
Department of Defence Production—			
Technological capability	8.0	4.4	3.6
Production capacity and capital assistance	1.9	1.9	
Administration and general	19.6	17.6	2.0
	29.5	*23.9*	*5.6*
	1,602.4	1,650.0	−47.6

National Defence

Expenditures of the Department of National Defence were $1,573 million in 1962–63 compared with $1,626 million in 1961–62.

Expenditures for naval, army and air services at $1,423 million were $72 million less than the 1961–62 total. There were decreases of $3 million for naval services and $69 million for air services.

Direct charges to mutual aid during 1962–63 were $25 million compared with $11 million in 1961–62 and consisted of procurement of equipment for mutual aid and Canada's share of NATO military budgets and infrastructure costs.

Expenditures for defence research and development in the amount of $42 million were $1 million higher than in 1961–62.

The government's contribution to the Canadian forces superannuation account of an amount equal to $1\frac{2}{3}$ times the contributions of permanent services personnel was $58 million, an increase of $2 million over the total for the previous year.

Administration and general costs were $25 million compared with $23 million in 1961–62.

Defence Production

The expenditure of $29 million in 1962–63 for the Department of Defence Production (including expenditures in respect of Defence Construction (1951) Limited and Canadian Arsenals Limited) was $6 million more than in 1961–62.

Outlays of $8 million in connection with the government program instituted in 1959–60 of supporting selected defence development programs to sustain technological capability in Canadian industry were $4 million more than in 1961–62. Expenditures of $2 million in respect of the procurement of capital equipment and works by Canadian Arsenals Limited and the programs under which assistance for the establishment of production capacity and capital assistance is given to private contractors, Crown plants operated on a management-fee basis and Crown corporations undertaking contracts essential to the defence program were approximately the same as the corresponding expenditures in the previous fiscal year.

Administration and general costs were $19 million in 1962–63, $2 million more than in 1961–62.

Cash outlays for defence

In addition to these budgetary expenditures for defence, there are certain other cash outlays which must be considered in assessing the full effect of the defence program on the economy of Canada.

Section 11 of the National Defence Act provides that materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, may be sold to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales in 1962–63, amounting to $1 million, were credited to a special account to be used for the procurement of replacement materiel. Cash outlays from this account during the fiscal year were also $1 million. Consequently the balance in the account remained at $1 million at March 31, 1963.

The Department of Defence Production also makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are billed to the Department of National Defence or sold to defence contractors

for use in the manufacture of defence equipment. During the year 1962–63 purchases of $43 million exceeded proceeds from sales of $30 million by $13 million and the assets of the fund increased by an equivalent amount, resulting in a balance of $41 million in the account as at March 31, 1963.

The following table summarizes the cash outlays for defence for the past two fiscal years.

TABLE 10

(in millions of dollars)

Cash Outlays for Defence	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Budgetary expenditures—			
Department of Defence Production	29.5	23.9	5.6
Department of National Defence	1,572.9	1,626.1	−53.2
	1,602.4	*1,650.0*	*−47.6*
Disbursements for, or receipts from (−)—			
Defence production revolving fund (net)	13.4	11.6	1.8
Replacement of materiel account—sec. 11, National Defence Act (net)	0.2	3.2	−3.0
	13.6	*14.8*	*−1.2*
Net cash outlays for defence	1,616.0	1,664.8	−48.8

(2) NON-DEFENCE EXPENDITURES

Agriculture

Expenditures of the Department of Agriculture were $234 million for 1962–63 compared with $287 million for 1961–62.

TABLE 11

(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Agricultural stabilization board—net operating loss	72.0	22.0	50.0
Production and marketing branch—			
Freight assistance on western feed grains	14.4	17.5	−3.1
Health of animals division	13.8	14.2	−0.4
Payments to western grain producers	0.1	40.1	−40.0
Premium on hog and lamb carcasses	5.9	7.6	−1.7
Other	18.7	19.7	−1.0
	52.9	*99.1*	*−46.2*
Assistance re storage costs on grain	35.3	48.8	−13.5
Rehabilitation and reclamation projects	28.4	26.1	2.3
Research branch	26.7	26.8	−0.1
Board of Grain Commissioners (Canada Grain Act)	6.2	6.5	−0.3
Prairie farm emergency fund—deficit	7.3	47.7	−40.4
Agricultural products board—net operating loss	0.6	4.9	−4.3
Administration and general	4.8	4.8	
	234.2	286.7	−52.5

The increase of $50 million in the net operating loss of the agricultural stabilization board was more than offset by decreases of $40 million in the deficit of the prairie farm emergency fund and $40 million in payments to western grain producers.

The 1962–63 net operating loss of the agricultural stabilization board was $72 million compared with $22 million in 1961–62. The increase was due mainly to a payment of $42 million for the stabilization of the price of butter for which there was no comparable payment in 1961–62.

The decrease of $40 million in payments to western grain producers was due to the fact that no provision had been made for such payments for the 1962–63 crop year. The expenditure of $100 thousand in 1962–63 was for completion of payments required for the 1961–62 crop year.

The Prairie Farm Assistance Act, c. 213, R.S., as amended, provides for a levy of one per cent to be deducted by all licensed purchasers of grain, the amount so deducted to be transferred to the Board of Grain Commissioners for deposit to the credit of the prairie farm emergency fund. Awards are made under the provisions of the Act to farmers in the spring wheat area in accordance with crop failure conditions provided for in the Act and are payable from this fund. Advances by the Minister of Finance to the prairie farm emergency fund to cover the years deficit, in the amount of $7 million, were charged to budgetary expenditures. The comparable amount in 1961–62 was $48 million.

Atomic Energy

Budgetary expenditures in respect of Atomic Energy of Canada Limited and the Atomic Energy Control Board totalled $63 million in 1962–63 compared with expenditures of $35 million in 1961–62, an increase of $28 million.

TABLE 12

(in millions of dollars)

Atomic Energy	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Atomic Energy Control Board—			
Grants for research	0.8	0.7	0.1
Administration	0.1	0.1	
	0.9	*0.8*	*0.1*
Atomic Energy of Canada Limited—			
Research program—			
Current operations and maintenance	28.7	25.7	3.0
Construction or acquisition of buildings, works, land and equipment	8.4	8.2	0.2
	37.1	*33.9*	*3.2*
Write-off of the undepreciated capital cost of the NRU reactor	25.2		25.2
	63.2	34.7	28.5

During the year under review $37 million was paid to Atomic Energy of Canada Limited for its research program, $3 million more than in the previous fiscal year. Of this total, $29 million was for current operations and maintenance and $8 million for the construction or acquisition of buildings, works, land and equipment.

In addition, the undepreciated capital cost of the NRU reactor will be charged to budgetary expenditure upon parliamentary approval and loans to Atomic Energy of Canada Limited were reduced by the same amount. As loans amounting to $13 million were made to Atomic Energy of Canada Limited during the year, this brought the total of advances covered by obligations or shares of the company to $53 million at March 31, 1963.

Administration expenses of the Atomic Energy Control Board and grants for research and investigation with respect to atomic energy were $1 million, approximately the same as for the previous fiscal year.

Canadian Broadcasting Corporation

Payments of $81 million were made by the government to the Canadian Broadcasting Corporation during 1962–63, an increase of $3 million over the total for 1961–62.

TABLE 13

(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Grants in respect of radio and television services—			
Net operating requirements	72.5	70.3	2.2
Capital requirements	6.5	6.2	0.3
	79.0	*76.5*	*2.5*
International broadcasting service	1.8	1.7	0.1
	80.8	78.2	2.6

Grants for capital requirements including the replacement of existing capital assets of the radio and television services were $7 million, slightly higher than in 1961–62. Grants in respect of the net operating requirements of the radio and television services totalled $72 million, $2 million higher than in the previous fiscal year.

Outlays of $2 million for the international broadcasting service were approximately the same as in 1961–62.

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration were $66 million for 1962–63, an increase of $1 million over the total for 1961–62.

TABLE 14

(in millions of dollars)

Citizenship and Immigration	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Citizenship and citizenship registration	1.7	1.5	0.2
Immigration	12.5	12.0	0.5
Indian affairs	50.9	50.4	0.5
Administration and general	1.1	1.1	
	66.2	65.0	1.2

Outlays for the Indian affairs branch were slightly higher during 1962–63 due principally to Indian welfare and Indian economic development.

Expenditures of the immigration branch were also slightly higher than in the previous fiscal year whereas outlays for the citizenship and citizenship registration branches were approximately the same.

External Affairs

Expenditures of the Department of External Affairs amounted to $85 million for 1962–63, a decrease of $11 million from the total of $96 million spent in the previous fiscal year.

TABLE 15

(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
External aid office—			
Colombo plan	41.5	50.0	−8.5
Assistance to other countries	4.5	3.4	1.1
Administration and general	0.3	0.5	−0.2
	46.3	*53.9*	*−7.6*
Representation abroad	15.1	12.8	2.3
Contributions to international organizations	8.2	14.5	−6.3
Canada's assessment for membership in international (including commonwealth) organizations	6.4	6.1	0.3
Administration and general	8.6	8.3	0.3
	84.6	95.6	−11.0

The principal changes in expenditure as compared with 1961–62 were decreases of $8 million in the grant to the Colombo plan fund and $6 million in contributions to international organizations, and increases of $2 million for representation abroad and $1 million for assistance to other countries.

The decrease in contributions to international organizations was due to the fact that expenditures in 1961–62 included an amount of $6 million for the United Nations Congo Ad Hoc account for which there was no comparable expenditure in 1962–63.

Finance

Expenditures of the Department of Finance totalled $1,354 million in 1962–63, a decrease of $158 million from the 1961–62 total of $1,512 million.

TABLE 16

(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Public debt charges	918.0	839.0	79.0
Fiscal, tax-sharing, subsidy and other payments to provinces	275.2	541.2	−266.0
Government's contribution to the public service superannuation account	51.1	46.9	4.2
Grants to municipalities in lieu of taxes on federal property	29.0	24.7	4.3
Grants to universities—			
Payments to the Canadian Universities Foundation	26.3	19.4	6.9
Office of the Comptroller of the Treasury—administration expenses	22.7	21.3	1.4
Premium, discount and exchange	9.8		9.8
Government's share of medical-surgical insurance premiums	8.3	7.6	0.7
Government's contribution as an employer to the unemployment insurance fund	1.1	1.1	
Administration and general	12.5	10.8	1.7
	1,354.0	1,512.0	−158.0

The main changes were a decrease of $266 million in fiscal, tax-sharing, subsidy and other payments to provinces and increases of $79 million in public debt charges, $10 million in premium, discount and exchange and $7 million in grants to universities.

Public debt charges

In 1962–63 public debt charges were again the second largest item of budgetary expenditure. These charges, which consist of interest on the public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt, were $918 million or 14 per cent of all budgetary expenditure compared with $839 million or 13 per cent in 1961–62.

TABLE 17

(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canada	705.3	638.8	66.5
Payable in London	1.0	1.0	
Payable in New York	2.7	2.7	
	709.0	*642.5*	*66.5*
Other liabilities—			
Annuity, insurance and pension accounts	169.8	157.3	12.5
Deposit and trust accounts	3.2	3.1	0.1
	173.0	*160.4*	*12.6*
Total interest on public debt	882.0	802.9	79.1
Other public debt charges—			
Annual amortization of bond discounts and commissions	32.7	33.7	−1.0
Cost of issuing new loans	1.7	1.6	0.1
Servicing of public debt	1.6	0.8	0.8
	36.0	*36.1*	*−0.1*
	918.0	839.0	79.0

Interest on public debt in 1962–63 in the amount of $882 million was $79 million more than the 1961–62 total of $803 million. Interest of $709 million on unmatured debt was $66 million higher than in 1961–62 reflecting the increase in unmatured debt and in interest rates. Interest of $173 million on other liabilities was $13 million higher due mainly to increases of $6 million in respect of the public service superannuation account and $5 million in respect of the Canadian forces superannuation account.

Other public debt charges at $36 million were approximately the same as in the previous fiscal year.

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1962–63 this income amounted to $311 million as shown in the non-tax revenue section under the heading "Return on investments". This amount deducted from the gross total of $882 million for interest as shown in the above table leaves a net amount of $571 million compared

with a net of $495 million in 1961–62. Measured as a percentage of the net debt the burden of the net annual interest charges was 4.10 per cent in 1962–63 compared with 3.75 per cent in 1961–62.

TABLE 18

(in millions of dollars)

Net Burden of Annual Interest Charges	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Total interest on public debt	882.0	802.9	79.1
Return on investments	−311.0	−307.5	−3.5
Net interest cost	571.0	495.4	75.6
Net interest cost as percentage of net debt	4.10	3.75	

Fiscal, tax-sharing, subsidy and other payments to provinces

Payments to the provinces during 1962–63 for statutory subsidies, payments under the federal-provincial fiscal arrangements and tax-sharing arrangements, and the transfer of a portion of income tax receipts from certain public utility companies were $275 million compared with $541 million in 1961–62.

Charges to budgetary expenditures in 1962–63 in respect of the above payments were $266 million less than in 1961–62 due to a decrease of $480 million in payments under federal-provincial tax-sharing arrangements offset in part by payments of $218 million under new federal-provincial fiscal arrangements.

Under the 1957 tax rental agreements, the obligation on the renting provinces to abstain from the imposition of personal and corporation income taxes was to lapse on December 31, 1961. As the Government of Canada did not offer to renew tax rental agreements, the former renting provinces have all imposed personal and corporation income taxes effective January 1, 1962. The Government of Canada, in place of the tax rental agreements, offered to enter into tax collection agreements with the provinces whereby Canada would undertake to collect, without charge, the provincial personal and corporation income taxes at rates determined by the provinces, provided that the provincial personal income tax was expressed as a percentage of the federal personal income tax payable and the provincial corporation income tax employed a definition of corporate taxable income identical with the federal definition. To facilitate the imposition of the provincial income taxes, the Income Tax Act was amended in the 1961 session of Parliament (1) to reduce the federal income tax payable by individuals resident in the provinces by 16 per cent in 1962 and by a further one per cent in each subsequent year until the deduction amounts to 20 per cent in 1966, and (2) to reduce the federal tax rate on the taxable income of corporations earned in the provinces by 9 percentage points. Canada has entered into agreements to collect the personal income tax, with all the provinces with the exception of the Province of Quebec, and to collect the corporation income tax, with all the provinces with the exception of the Provinces of Ontario and Quebec. With the exception of Saskatchewan and Manitoba, the provinces which have entered into tax collection agreements have imposed personal and corporation income taxes equivalent to the federal withdrawal. The Provinces of Manitoba and Saskatchewan have imposed personal income taxes at 22 per cent rather than 16 per cent of the federal tax payable and 10 per cent rather than 9 per cent of the taxable income of corporations.

Under these agreements payments are made monthly to the provinces on the basis of estimated receipts. When the actual amount of the returns are established, usually in the month of December following the fiscal year-end, adjustments are to be made with the provinces.

The additional grant to Newfoundland, which in previous years was paid under the Newfoundland Additional Grants Act, is now included in the payment under the Federal-Provincial Fiscal Arrangements Act.

Statutory subsidies at $24 million were unchanged from the previous year.

TABLE 19

(in millions of dollars)

Fiscal, Tax-Sharing, Subsidy and Other Payments to Provinces	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Payments under Federal-Provincial Fiscal Arrangements Act	218.2		218.2
Payments under Federal-Provincial Tax-Sharing Arrangements Act, c. 29, Statutes of 1956, as amended	23.5	503.3	−479.8
Statutory subsidies	23.5	23.5	
Transfer of certain public utility tax receipts	10.0	6.4	3.6
Additional grant to Newfoundland		8.0	−8.0
	275.2	541.2	−266.0

A summary of payments, by provinces, during 1962–63 is given in the following table:

TABLE 20

(in millions of dollars)

Fiscal, Tax-Sharing, Subsidy and Other Payments to Provinces	Fiscal year ended March 31, 1963 (preliminary)				
	Payments under fiscal arrangements	Payments under tax-sharing arrangements	Statutory subsidies	Transfer of certain public utility tax receipts	Total
Newfoundland	32.1	0.3	1.7	0.2	34.3
Nova Scotia	31.0	2.8	2.1	0.5	36.4
Prince Edward Island	6.5	0.2	0.7	0.1	7.5
New Brunswick	26.7	0.7	1.7	(1)	29.1
Quebec	66.4	11.4	4.0	4.5	86.3
Ontario		−0.2	4.6	1.0	5.4
Manitoba	14.7	4.0	2.1	(1)	20.8
Saskatchewan	24.2	4.2	2.1	(1)	30.5
Alberta	9.3	4.9	2.8	2.6	19.6
British Columbia	7.3	−4.8	1.7	1.1	5.3
	218.2	23.5	23.5	10.0	275.2

(1) Less than $50,000.

The amount of public utility tax receipts for transfer to provinces in 1962–63 was $10 million, an increase of $4 million over the 1961–62 total. The 1962–63 payments represent the transferable portion of the income tax received from corporations whose main business was the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam for the taxation year 1960.

Government's contribution to the public service superannuation account

In 1962–63 the government's contribution to the public service superannuation account (equal to the estimated current and prior service payments of individuals in 1961–62) was $51 million compared with $47 million in 1961–62.

Premium, discount and exchange

Premium, discount and exchange transactions during 1962–63 resulted in a net expenditure of $10 million, compared with a net revenue of $2 million in 1961–62.

This net expenditure was due primarily to the charge resulting from the revaluing of the government's outstanding debt payable in New York and London at the official parity rates rather than at the former rates of $1 U.S. = $1 Can. and £1 = $2.80 Can. The official parity rate at March 31, 1963 was $1 U.S. = $1.08108 Can. and £1 = $3.027 Can.

Fisheries

Expenditures of the Department of Fisheries amounted to $23 million for 1962–63, approximately the same as in 1961–62.

TABLE 21

(in millions of dollars)

Fisheries	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Field services	11.3	11.8	−0.5
Fisheries Research Board of Canada	7.1	6.3	0.8
Canadian share of the expenses of international commissions	1.2	1.1	0.1
Administration and general	3.6	3.9	−0.3
	23.2	23.1	0.1

An increase of $1 million in expenditures of the Fisheries Research Board of Canada was offset by a decrease in outlays for field services.

Forestry

Expenditures of the Department of Forestry totalled $16 million for 1962–63, an increase of $2 million over the 1961–62 total.

TABLE 22

(in millions of dollars)

Forestry	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Forest research	7.4	7.0	0.4
Contributions to the provinces—			
Assistance in forest inventory, reforestation, forest fire protection and forest stand improvement	3.9	2.2	1.7
Forest access roads and trails	3.5	3.9	−0.4
	7.4	*6.1*	*1.3*
Administration and general	1.5	1.6	−0.1
	16.3	14.7	1.6

Contributions to the provinces for assistance in forest inventory, reforestation, forest fire protection and forest stand improvement were $2 million higher than expenditures in the previous fiscal year and contributions to the provinces for assistance in establishing forest access roads and trails were slightly less than comparable expenditures in 1961–62.

Justice

Expenditures of the Department of Justice amounted to $34 million for 1962–63, compared with $33 million for the previous fiscal year.

TABLE 23

(in millions of dollars)

Justice	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Judges' salaries and travelling allowances	5.2	5.0	0.2
Administration and general	4.8	4.5	0.3
	10.0	*9.5*	*0.5*
Office of the Commissioner of Penitentiaries—			
Operation and maintenance of penitentiaries	18.0	17.3	0.7
Construction, improvements and equipment	5.3	5.1	0.2
Administration	0.7	0.7	
	24.0	*23.1*	*0.9*
	34.0	32.6	1.4

Expenditures of the Office of the Commissioner of Penitentiaries for operation and maintenance of penitentiaries accounted for most of the increase.

Labour

Expenditures of the Department of Labour totalled $348 million for 1962–63, an increase of $179 million over the total for 1961–62.

TABLE 24

(in millions of dollars)

Labour	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Payments to provinces authorized by the Technical and Vocational Training Assistance Act	207.0	35.7	171.3
Municipal winter works incentive program	27.3	24.4	2.9
Administration and general	8.4	7.3	1.1
	242.7	*67.4*	*175.3*
Unemployment Insurance Commission—			
Government's contribution to the fund	57.4	55.5	1.9
Administration and general	48.1	46.0	2.1
	105.5	*101.5*	*4.0*
	348.2	168.9	179.3

Payments to the provinces under the Technical and Vocational Training Assistance Act were $207 million for 1962-63, $171 million more than comparable expenditures in 1961-62. This Act, which received Royal Assent on December 20, 1960, superseded the Vocational Training Co-ordination Act. The purpose of the act is to provide financial assistance to vocational and technical schools, and in connection with youth training projects.

Payments to provinces and in respect of Indian bands by the Government of Canada, of amounts not exceeding one-half of the cost of labour engaged on approved winter works projects, were $27 million, $3 million more than in the previous fiscal year.

Administration and general costs were $1 million higher than expenditures of $7 million in 1961-62.

Unemployment Insurance Act administration and government's contribution

Budgetary expenditures in 1962–63 (excluding the government's payment as an employer which is included in the expenditures of the Department of Finance) totalled $105 million compared with $102 million in 1961–62.

Unemployment insurance benefit payments are not charged to budgetary expenditures but are paid from the unemployment insurance fund which is financed by equal contributions from employees and employers, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of the combined employee-employer contributions. Further information in regard to the unemployment insurance fund is given under the liability category "Annuity, insurance and pension accounts".

The government's contribution to the fund for 1962–63 was $57 million and administrative costs $48 million; the corresponding amounts for 1961–62 were $56 million and $46 million respectively.

	Fiscal year ended March 31	
	1963 (preliminary)	1962
	(in millions of dollars)	
Disbursements—		
Benefit payments	403	455
Interest on loans		3
	403	*458*
Receipts—		
Employee and employer contributions	287	278
Government's contribution	57	56
Interest from investments	4	6
	348	*340*
Deficit in fund for fiscal year	55	118

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys amounted to $71 million in 1962–63, an increase of $4 million over the total for 1961–62.

TABLE 25

(in millions of dollars)

Mines and Technical Surveys	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Dominion Coal Board	20.5	19.9	0.6
Emergency gold mining assistance	15.2	12.4	2.8
Marine sciences branch	11.0	10.9	0.1
Surveys and mapping	8.0	9.1	−1.1
Geological survey of Canada	6.4	5.5	0.9
Mines branch	5.1	4.8	0.3
Administration and general	5.0	5.0	
	71.2	67.6	3.6

Outlays for emergency gold mining assistance were $3 million higher, and expenditures of the geological survey of Canada were $1 million more, than in 1961–62.

National Health and Welfare

Expenditures of the Department of National Health and Welfare for 1962–63 were $1,123 million, $83 million more than the total of $1,040 million in 1961–62.

TABLE 26

(in millions of dollars)

National Health and Welfare	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
National health branch—			
Government's contributions under the Hospital Insurance and Diagnostic Services Act	336.8	283.9	52.9
General health grants to provinces	31.0	30.0	1.0
Indian and northern health services	24.7	24.0	0.7
Hospital construction grants	20.0	19.0	1.0
Other	10.7	10.3	0.4
	423.2	*367.2*	*56.0*
Welfare branch—			
Family allowances	531.6	520.8	10.8
Unemployment assistance	96.0	92.0	4.0
Old age assistance	38.3	30.8	7.5
Disabled persons allowances	19.6	16.4	3.2
Blind persons allowances	4.9	4.2	0.7
Other	3.4	3.3	0.1
	693.8	*667.5*	*26.3*
Administration and general	6.2	5.6	0.6
	1,123.2	1,040.3	82.9

Outlays for the national health branch at $423 million for 1962–63 reflect an increase of $56 million over the previous year's total. The increase was due primarily to an increase of $53 million in the government's contributions under the Hospital Insurance and Diagnostic Services Act.

During 1962–63 expenditures of the welfare branch in the amount of $694 million were $26 million higher than in the previous year, due mainly to increases of $11 million for family allowances, $8 million for old age assistance, $4 million for unemployment assistance and $3 million for disabled persons allowances.

Government's contributions under the Hospital Insurance and Diagnostic Services Act

The Hospital Insurance and Diagnostic Services Act, Statutes of 1957, authorized contributions by Canada in respect of programs administered by the provinces, providing hospital insurance and laboratory and other services in aid of diagnosis. In 1962–63 payments were $337 million compared with $284 million in 1961–62. The increase of $53 million was due to an increase in the cost of insured services to hospitals and the gradual increase in the number of insured persons.

The effective date of each agreement is as follows:—July 1, 1958 for Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia; January 1, 1959 for Nova Scotia and Ontario; July 1, 1959 for New Brunswick; October 1, 1959 for Prince Edward Island; April 1, 1960 for the Northwest Territories; July 1, 1960 for the Yukon Territory; and January 1, 1961 for Quebec.

TABLE 27

(in millions of dollars)

Government's Contributions under the Hospital Insurance and Diagnostic Services Act	Fiscal year ended March 31		Increase
	1963 (preliminary)	1962	
Newfoundland	7.5	6.3	1.2
Nova Scotia	13.5	11.9	1.6
Prince Edward Island	1.7	1.4	0.3
New Brunswick	10.9	9.5	1.4
Quebec	88.7	73.0	15.7
Ontario	122.1	104.5	17.6
Manitoba	17.3	15.2	2.1
Saskatchewan	18.3	16.0	2.3
Alberta	25.9	19.7	6.2
British Columbia	30.1	25.7	4.4
Northwest and Yukon Territories	0.8	0.7	0.1
	336.8	283.9	52.9

General health grants and hospital construction grants to provinces

Grants to provinces during 1962–63 for general health services and the control of diseases amounted to $31 million and for assistance in hospital construction to $20 million. Comparable amounts for the previous fiscal year were $30 million and $19 million respectively.

TABLE 28

(in millions of dollars)

General Health Grants and Hospital Construction Grants	Fiscal year ended March 31, 1963 (preliminary)		
	General health grants	Hospital construction grants	Total
Newfoundland	0.9	0.6	1.5
Nova Scotia	1.4	1.3	2.7
Prince Edward Island	0.3	0.1	0.4
New Brunswick	1.2	0.7	1.9
Quebec	8.6	5.8	14.4
Ontario	9.4	6.6	16.0
Manitoba	1.9	0.8	2.7
Saskatchewan	1.7	0.9	2.6
Alberta	2.6	1.7	4.3
British Columbia	2.9	1.5	4.4
Northwest and Yukon Territories	0.1	(1)	0.1
	31.0	20.0	51.0

(1) Under $50,000.

Family allowances

Family allowances are payable in respect of all children under sixteen years of age, resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada one year before an allowance is payable. The monthly allowance is $6 if the child is under 10 years and $8 in the age group 10 to 15. Children of immigrants receive family assistance at the same rate during their first year of residence in Canada from appropriations of the Department of Citizenship and Immigration if during that period they are under sixteen years of age.

Family allowance payments for 1962–63 in the amount of $532 million represented 8 per cent of total expenditures. The increase of $11 million over the previous year reflected the increase in the number of children in the eligible age groups.

TABLE 29

(in millions of dollars)

Family Allowance Payments	Fiscal year ended March 31		Increase
	1963 (preliminary)	1962	
Newfoundland	16.6	16.4	0.2
Nova Scotia	21.8	21.6	0.2
Prince Edward Island	3.3	3.2	0.1
New Brunswick	19.4	19.2	0.2
Quebec	160.3	157.7	2.6
Ontario	172.7	168.4	4.3
Manitoba	25.5	25.1	0.4
Saskatchewan	26.5	26.3	0.2
Alberta	40.3	38.9	1.4
British Columbia	43.8	42.7	1.1
Northwest and Yukon Territories	1.4	1.3	0.1
	531.6	520.8	10.8

Old age assistance, disabled persons allowances, blind persons allowances and unemployment assistance

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $65 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the act may receive a pension of $65 per month from the federal government out of the old age security fund.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $65 per month to blind persons in need 18 years of age or over by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $65 per month for allowances to disabled persons in need 18 years of age or over. Payments in 1962–63 were $38 million for old age assistance, $20 million in respect of disabled persons allowances, $5 million for blind persons allowances and $96 million for unemployment assistance. Comparable figures in 1961–62 were, respectively, $31 million, $16 million, $4 million and $92 million.

The increases in old age assistance, disabled persons allowances and blind persons allowances were due mainly to amendments to the Old Age Assistance Act, the Blind Persons Act and the Disabled Persons Act which raised the maximum pension towards which the federal government would contribute from $55 to $65 per month effective February 1, 1962.

Under the Unemployment Assistance Act the federal government contributes up to 50 per cent of the cost of unemployment assistance paid by the provinces, subject to certain deductions as set out in the act. All provinces have signed agreements with the federal government. There was an increase of $4 million in contributions for 1962–63 over those for the previous year.

The following table presents a distribution of these payments to provinces for 1962–63:

TABLE 30

(in millions of dollars)

Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal year ended March 31, 1963 (preliminary)			
	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	2.0	0.5	0.3	4.3
Nova Scotia	2.0	1.1	0.5	1.6
Prince Edward Island	0.4	0.3	(1)	0.2
New Brunswick	2.1	0.8	0.4	1.6
Quebec	13.8	8.6	1.7	33.1
Ontario	8.5	5.5	1.0	23.4
Manitoba	2.0	0.6	0.2	4.7
Saskatchewan	2.2	0.6	0.2	4.9
Alberta	2.5	0.7	0.3	6.2
British Columbia	2.7	0.9	0.3	15.9
Northwest and Yukon Territories	0.1	(1)	(1)	0.1
	38.3	19.6	4.9	96.0

(1)Less than $50,000.

National Research Council, including the Medical Research Council

Expenditures of the National Research Council, including the Medical Research Council, amounted to $41 million for 1962–63 compared with $39 million for 1961–62.

TABLE 31

(in millions of dollars)

National Research Council, including the Medical Research Council	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Scholarships and grants in aid of research	14.4	12.0	2.4
Construction or acquisition of buildings, works, land and equipment	3.8	5.4	−1.6
Administration and general	23.1	21.4	1.7
	41.3	38.8	2.5

In 1962–63 outlays for scholarships and grants in aid of research increased by $2 million. Administration and general costs also increased by $2 million and with a reduction of $2 million in expenditures for construction or acquisition of buildings, works, land and equipment, there was a net increase of $2 million over the previous year's total.

National Revenue

Expenditures of the Department of National Revenue totalled $79 million for 1962–63, $3 million more than in 1961–62, due mainly to increased costs of $2 million for district offices of the taxation division and $1 million for the customs and excise divisions.

TABLE 32

(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Customs and excise divisions	40.6	39.7	0.9
Taxation division	37.8	35.4	2.4
Income tax appeal board	0.2	0.2	
	78.6	75.3	3.3

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources were $90 million for the fiscal year 1962–63, an increase of $8 million over the comparable total for 1961–62.

TABLE 33
(in millions of dollars)

Northern Affairs and National Resources	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Northern administration branch	40.5	32.0	8.5
National parks branch	27.6	29.1	−1.5
Contributions to the provinces to assist in the development of roads leading to resources	9.2	12.0	−2.8
Water resources branch	5.9	2.4	3.5
Canadian government travel bureau	3.3	3.0	0.3
Administration and general	3.8	3.8	
	90.3	82.3	8.0

The main changes were increases of $9 million in outlays of the northern administration branch and $4 million in expenditures of the water resources branch and decreases of $2 million in expenditures of the national parks branch and $3 million in contributions to the provinces to assist in the development of roads leading to resources.

Post Office

Gross expenditures of the Post Office Department for 1962–63 totalled $219 million, an increase of $4 million over the 1961–62 outlays of $215 million.

TABLE 34
(in millions of dollars)

Post Office	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	120.1	117.0	3.1
Transportation—movement of mail by land, air and water	63.8	62.7	1.1
Financial services	3.3	3.2	0.1
Administration and general	2.1	2.1	
	189.3	*185.0*	*4.3*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices, and other disbursements	30.0	29.8	0.2
	219.3	214.8	4.5

Remuneration of postmasters and staffs at revenue and semi-staff offices and certain other authorized disbursements are paid from revenue. These payments, included in the total of $219 million were $30 million for 1962–63, approximately the same as for 1961–62.

Public Works

Expenditures of the Department of Public Works for 1962–63 amounted to $175 million, a decrease of $14 million from the 1961–62 total of $189 million.

TABLE 35

(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Public buildings—construction and services—			
Maintenance and operation	43.4	45.9	−2.5
Acquisition, construction and improvements of public buildings—			
Ottawa	9.0	11.3	−2.3
Other centres in Canada	12.6	15.4	−2.8
Outside Canada		0.4	−0.4
Improvements generally	0.5	0.2	0.3
Furniture and furnishings	2.3	2.8	−0.5
Fire prevention	0.2	0.2	
	68.0	*76.2*	*−8.2*
Development engineering services—			
Trans-Canada highway division—			
Contributions to the provinces under the terms of the Trans-Canada Highway Act	32.0	36.5	−4.5
Construction through national parks	3.9	5.1	−1.2
General	2.3	5.2	−2.9
	38.2	*46.8*	*−8.6*
Harbours and rivers engineering services—			
Acquisition, construction and improvements of harbours and river works	24.6	29.6	−5.0
Dredging	3.9	5.4	−1.5
Graving docks, locks and dams	0.7	0.8	−0.1
	29.2	*35.8*	*−6.6*
National Capital Commission	13.8	8.7	5.1
Housing	10.2	5.8	4.4
Administration and general	15.6	15.5	0.1
	175.0	188.8	−13.8

Decreases in expenditures of $9 million in development engineering services, $7 million in harbours and rivers engineering services and $8 million in outlays for public buildings—construction and services, were partly offset by increases of $5 million in payments to the National Capital Commission and $4 million for housing.

The decrease of $9 million in expenditures for development engineering services was due mainly to a decrease of $5 million in contributions to the provinces under the terms of the Trans-Canada Highway Act and a reduction of $3 million in general outlays.

The decrease of $7 million in expenditures of the harbours and rivers engineering services was due mainly to a decrease of $5 million in outlays for acquisition, construction and improvements of harbours and river works and $2 million in costs of dredging.

Expenditures for public buildings—construction and services were $8 million less than the comparable figure for the previous fiscal year, due to decreases of $6 million in costs of acquisition, construction and improvements of public buildings and $2 million in costs of maintenance and operation.

Royal Canadian Mounted Police

Expenditures of the Royal Canadian Mounted Police amounted to $66 million for 1962–63, an increase of $5 million over the 1961–62 total of $61 million.

TABLE 36

(in millions of dollars)

Royal Canadian Mounted Police	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Land, air and training divisions	49.2	45.5	3.7
Headquarters administration and national police services	8.2	7.5	0.7
Pensions and other benefits	3.7	3.5	0.2
Government's contribution to Royal Canadian Mounted Police superannuation account	2.6	2.3	0.3
Marine services	1.8	1.7	0.1
	65.5	60.5	5.0

Payments as shown in the table represent gross expenditures; payments received from the provinces and municipalities for police services at $12 million were credited to revenue.

The main changes in expenditures were increases of $4 million for the land, air and training divisions and $1 million in higher outlays for headquarters administration and national police services.

Trade and Commerce

Expenditures of the Department of Trade and Commerce were $27 million for 1962–63, compared with the 1961–62 total of $40 million. The decrease of $13 million was due almost entirely to a reduction in the expenditures of the Dominion Bureau of Statistics.

TABLE 37

(in millions of dollars)

Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Dominion Bureau of Statistics	12.0	24.6	−12.6
Trade commissioner service	5.6	5.2	0.4
Standards branch	2.9	2.7	0.2
National Energy Board	0.5	0.5	
Administration and general	6.0	6.5	−0.5
	27.0	39.5	−12.5

The decrease of $13 million in expenditures of the Dominion Bureau of Statistics was due to: (1) the 1961–62 expenditures included $12 million in respect of the 1961 Decennial Census of Canada whereas the 1962–63 expenditures for this purpose were only $1 million; and (2) a decrease of $2 million in operating expenses.

Transport

Expenditures of the Department of Transport totalled $430 million for 1962–63, an increase of $20 million over the 1961–62 total.

TABLE 38
(in millions of dollars)

Transport	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Air services—			
Civil aviation branch	82.9	89.9	−7.0
Telecommunications and electronics branch	30.7	36.6	−5.9
Meteorological branch	17.4	18.1	−0.7
Administration	5.3	5.4	−0.1
	136.3	*150.0*	*−13.7*
Railway and steamship services—			
Maritime Freight Rates Act—			
Difference between tariffs and normal tolls	12.9	12.2	0.7
Railway to Great Slave Lake	12.2	1.1	11.1
Auto-ferries, docks and terminals	3.1	4.7	−1.6
Deficits—			
Canadian National Railways	48.9	67.3	−18.4
Newfoundland ferry and terminals	8.2	7.3	0.9
Prince Edward Island car ferry and terminals	3.3	3.0	0.3
Yarmouth, N.S.—Bar Harbour, Maine, U.S.A., ferry service	0.2	0.1	0.1
Other	0.5	0.2	0.3
	89.3	*95.9*	*−6.6*
Board of Transport Commissioners for Canada—			
Interim payments related to the recommendations of the Royal Commission on Railway Problems	50.0	50.0	
Freight Rates Reduction Act	36.7	19.0	17.7
Maintenance of trackage	7.0	7.0	
Contribution to the railway grade crossing fund	5.7	10.0	−4.3
Administration and general	1.3	1.3	
	100.7	*87.3*	*13.4*
Marine services—			
Canadian marine services	30.9	22.7	8.2
Aids to navigation	10.6	11.2	−0.6
Ship channel services—St. Lawrence and Saguenay rivers	4.2	6.3	−2.1
Marine regulations	4.1	3.8	0.3
Canals	3.8	3.5	0.3
Administration and general	1.4	1.1	0.3
	55.0	*48.6*	*6.4*
Canadian Maritime Commission	31.0	10.2	20.8
Non-active advances—National Harbours Board	5.2	4.9	0.3
Trans-Canada Air Lines—deficit	3.5	6.5	−3.0
Operating deficit of canals entrusted to the St. Lawrence Seaway Authority	3.1	2.6	0.5
Administration and general	6.3	4.4	1.9
	430.4	410.4	20.0

Outlays for air services reflected a decrease of $14 million from the previous fiscal year due mainly to decreases of $7 million in expenditures by the civil aviation branch and $6 million by the telecommunications and electronics branch.

Expenditures for railway and steamship services, including charges to expenditures in respect of deficits of certain government-owned enterprises, were $89 million, a decrease of $7 million from expenditures of $96 million in the previous fiscal year.

The 1962 deficit of $49 million of the Canadian National Railways charged to budgetary expenditures was $18 million less than the comparable figure in 1961–62 and expenditures in respect of the construction of the railway to Great Slave Lake were $11 million more than in the previous year.

Expenditures of the Board of Transport Commissioners for Canada increased by $13 million, due mainly to an increase of $18 million in payments under the Freight Rates Reduction Act offset in part by a decrease of $4 million in the government's contribution to the railway grade crossing fund.

Marine services expenditures were $55 million, an increase of $6 million over the previous fiscal year. An increase of $8 million in expenditures for the Canadian marine services was partly offset by a decrease of $2 million in expenditures for the ship channel services—St. Lawrence and Saguenay rivers.

Outlays of the Canadian Maritime Commission at $31 million were $21 million more than in the previous fiscal year. The change was due mainly to increased payments of capital subsidies for construction of commercial and fishing vessels.

Deficits of government-owned enterprises charged to expenditure (other than the Canadian National Railways) were $8 million for the Newfoundland ferry and terminals, $4 million for Trans-Canada Air Lines, $3 million for the Prince Edward Island car ferry and terminals and $3 million for canals entrusted to The St. Lawrence Seaway Authority compared with $7 million, $7 million, $3 million and $3 million respectively in the previous year.

Non-active advances to the National Harbours Board totalled $5 million for 1962–63, approximately the same as in 1961–62.

Veterans Affairs

Expenditures of the Department of Veterans Affairs amounted to $336 million for 1962–63, an increase of $3 million over the 1961–62 total.

TABLE 39

(in millions of dollars)

Veterans Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Pensions for disability or death	175.9	177.9	−2.0
War veterans allowances and other benefits	88.7	81.8	6.9
Treatment and welfare services	56.1	56.8	−0.7
Soldier Settlement and Veterans Land Acts—			
Provision for reserve for conditional benefits, Veterans Land Act	3.2	3.3	−0.1
Administration and general	4.6	4.6	
War service gratuities and re-establishment credits	1.1	2.0	−0.9
Administration and general	6.8	6.8	
	336.4	333.2	3.2

The net increase of $3 million was due mainly to an increase of $7 million for war veterans allowances, offset in part by decreases of $2 million in pensions for disability or death, $1 million in war service gratuities and re-establishment credits and $1 million in treatment and welfare services.

All Other Departments

Expenditures of the departments not dealt with individually totalled $50 million, an increase of $12 million over the total for 1961–62.

TABLE 40

(in millions of dollars)

All Other Departments	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Auditor General's Office	1.2	1.1	0.1
Board of Broadcast Governors	0.4	0.3	0.1
Office of the Chief Electoral Officer	11.8	0.4	11.4
Civil Service Commission	4.8	4.7	0.1
Governor General and Lieutenant-Governors	0.5	0.5	
Insurance	1.4	1.4	
Legislation	8.3	8.4	−0.1
National Film Board	5.6	5.1	0.5
National Gallery of Canada	1.0	1.0	
Privy Council	5.0	4.5	0.5
Public Archives and National Library	1.0	1.0	
Public Printing and Stationery	4.0	4.0	
Secretary of State	4.8	5.0	−0.2
	49.8	37.4	12.4

The most significant change in expenditures for 1962–63 was an increase of $11 million by the Office of the Chief Electoral Officer for expenses of the federal election in June 1962.

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4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AS AT MARCH 31, 1963

The assets and liabilities of the Government of Canada at March 31, 1963, the comparable balances at March 31, 1962 and the changes in each category during 1962–63, are shown in condensed form in the following table:

TABLE 41

SUMMARY OF ASSETS AND LIABILITIES OF CANADA

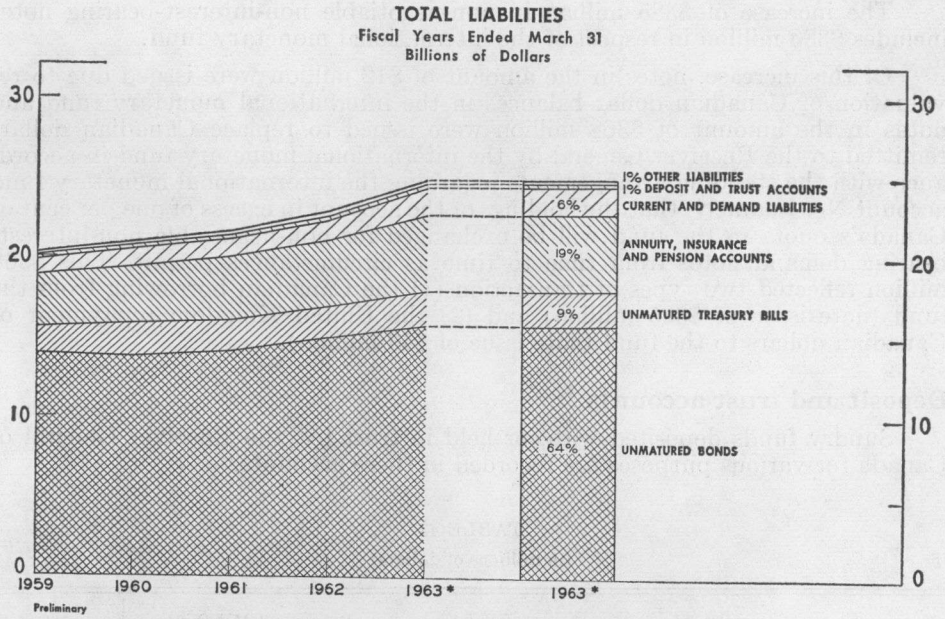
(in millions of dollars)

—	Balance at March 31		Increase or decrease (—)
	1963 (preliminary)	1962	
LIABILITIES			
Current and demand liabilities	1,643.6	1,234.1	409.5
Deposit and trust accounts	222.9	266.6	−43.7
Annuity, insurance and pension accounts	4,741.9	4,246.0	495.9
Undisbursed balances of appropriations to special accounts	126.5	115.1	11.4
Deferred credits	107.8	95.0	12.8
Suspense accounts	7.4	5.3	2.1
Unmatured debt	17,961.8	16,945.7	1,016.1
Total liabilities	24,811.9	22,907.8	1,904.1
ASSETS			
Current assets	824.7	1,246.0	−421.3
Advances to the exchange fund account	2,736.0	1,793.0	943.0
Sinking fund and other investments held for retirement of unmatured debt	22.0	19.4	2.6
Loans to, and investments in, Crown corporations	4,465.1	3,985.3	479.8
Loans to national governments	1,210.7	1,339.8	−129.1
Other loans and investments	1,105.4	993.9	111.5
Securities held in trust	25.6	25.8	−0.2
Deferred charges—			
Unamortized portions of actuarial deficiencies—			
Canadian forces superannuation account	524.8	326.3	198.5
Public service superannuation account	276.7	276.7	
Royal Canadian Mounted Police superannuation account	3.5	3.5	
Unamortized loan flotation costs	131.6	121.3	10.3
	936.6	*727.8*	*208.8*
Suspense accounts	0.2	0.2	
Capital assets	(1)	(1)	
Inactive loans and investments	94.9	94.9	
Total assets	11,421.2	10,226.1	1,195.1
Less reserve for losses on realization of assets	−546.4	−546.4	
Net assets	10,874.8	9,679.7	1,195.1
Net debt, represented by excess of liabilities over net assets	13,937.1	13,228.1	709.0

(1) Shown at nominal value of $1.

A. CHANGES IN PRINCIPAL LIABILITY CLASSIFICATIONS DURING 1962–63

The gross liabilities of the government increased by $1,904 million during the fiscal year. Increases of $1,016 million in unmatured debt, $496 million in annuity, insurance and pension accounts, $410 million in current and demand liabilities and $13 million in deferred credits were partly offset by a decrease of $44 million in deposit and trust accounts.



Current and demand liabilities

This category consists of obligations of the government payable currently or on demand.

TABLE 42
(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Outstanding treasury cheques	267.6	265.7	1.9
Accounts payable	267.0	280.7	−13.7
Non-interest-bearing notes payable to—			
The international development association	19.3	14.0	5.3
The international monetary fund—			
Canada's subscription	370.0	358.0	12.0
Special loan	368.0		368.0
	757.3	*372.0*	*385.3*
Matured debt outstanding	32.4	36.4	−4.0
Interest due and outstanding	80.7	73.9	6.8
Interest accrued	200.6	174.6	26.0
Post office—outstanding money orders	32.8	25.4	7.4
Outstanding letter of credit cheques	4.6	4.7	−0.1
Other current liabilities	0.6	0.7	−0.1
	1,643.6	1,234.1	409.5

The net increase during the year was $410 million. The main changes were increases of $385 million in non-interest-bearing notes, $26 million in interest accrued, $7 million in outstanding post office money orders and $7 million in interest due and outstanding and a decrease of $4 million in matured debt outstanding.

The increase of $385 million in non-negotiable non-interest-bearing notes includes $380 million in respect of the international monetary fund.

Of this increase, notes in the amount of $12 million were issued due to revaluation of Canadian dollar balances in the international monetary fund and notes in the amount of $368 million were issued to replace Canadian dollars remitted to the Receiver General by the international monetary fund in accordance with the standing arrangements regarding the international monetary fund account No. 1 namely, that the holdings of the account in excess of one per cent of Canada's quota in the fund will be exchanged for non-negotiable non-interest-bearing demand notes from time to time as circumstances permit. This $368 million reflected two types of transaction (1) the Canadian borrowing from the fund (note issue of $325 million) and (2) the United Kingdom repayment of Canadian dollars to the fund (note issue of $43 million).

Deposit and trust accounts

Sundry funds deposited with, or held in trust by, the Receiver General of Canada for various purposes are recorded in these accounts.

TABLE 43

(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Provincial tax collection agreements		38.0	−38.0
Indian trust funds	28.9	28.5	0.4
Post office savings bank	25.4	27.4	−2.0
Crown corporations deposits	30.0	24.2	5.8
Contractors securities—sundry departments—			
Bonds	8.2	9.5	−1.3
Cash	4.3	7.0	−2.7
Certified cheques	1.2	1.5	−0.3
	13.7	*18.0*	*−4.3*
Contractors holdbacks	17.3	17.8	−0.5
Korean operations pool	16.1	16.1	
Instalment purchase of bonds, public service	11.9	12.4	−0.5
United States of America	5.9	12.2	−6.3
Canadian Arsenals Limited pension fund	1.5	12.1	−10.6
Canadian Pension Commission—administration trust fund	13.0	12.1	0.9
Guarantee deposits—			
National Revenue	4.4	4.5	−0.1
Northern Affairs and National Resources	8.4	5.9	2.5
	12.8	*10.4*	*2.4*
National Harbours Board—special accounts	7.1	7.6	−0.5
Army benvolent fund	6.0	6.3	−0.3
Soldier settlement and veterans land acts trust account—general	3.2	2.7	0.5
Permanent services deferred pay	3.2	2.8	0.4
Common school funds—Ontario and Quebec	2.7	2.7	
Veterans care trust fund	2.4	2.3	0.1
National Research Council—special fund	2.1	2.0	0.1
Emergency gold mining assistance—holdbacks	1.5	1.2	0.3
Canadian National Railways	7.6		7.6
Other	10.6	9.8	0.8
	222.9	266.6	−43.7

There was a decrease during the year of $44 million due principally to the provincial tax collection agreements under which as at March 31, 1962 the federal government had collected $38 million, while at March 31, 1963 the provinces had received advance payments of $10 million in accordance with the federal-provincial tax collection agreements. This amount is recorded in the asset

category "Other loans and investments". There were also decreases of $11 million in Canadian Arsenals Limited pension fund, $6 million in the United States of America deposit account and $4 million in contractors' securities. Partly offsetting these decreases were increases of $8 million in the Canadian National Railways account (representing that part of the 1962 income deficit paid from company funds and which will be repaid to the company when parliamentary authorization is received), $6 million in Crown corporations deposits and $2 million in guarantee deposits.

Provincial tax collection agreements went into effect from January 1, 1962 and further details will be found under the category "Other loans and investments".

Annuity, insurances and pension accounts

In this category are recorded the amounts to the credit of the various annuity, insurance and pension accounts.

TABLE 44
(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Unemployment insurance fund	23.4	78.2	−54.8
Less investment in bonds and accrued interest	−11.8	−63.6	51.8
Uninvested funds on deposit with the government	11.6	14.6	−3.0
Government annuities	1,261.7	1,235.3	26.4
Public service superannuation account	1,723.7	1,586.9	136.8
Canadian forces superannuation account	1,605.9	1,279.2	326.7
Other	139.0	130.0	9.0
	4,741.9	4,246.0	495.9

Unemployment insurance fund

During the year receipts amounted to $348 million and included employees and employers contributions of $287 million, the government's contribution of $57 million and $4 million in interest from investments. As benefit payments amounted to $403 million there was a deficit for the year in the fund of $55 million compared with $118 million in the previous fiscal year.

The balance in the fund at March 31, 1962 of $78 million was reduced to $23 million at March 31, 1963 by the deficit in the fund for the year of $55 million.

As the commission's investment in bonds and accrued interest amounted to $12 million, the funds on deposit with the government were $12 million at March 31, 1963 compared with $15 million at March 31, 1962.

Government annuities account

The government annuities account increased by $26 million during 1962–63 representing the amount by which premium receipts of $34 million and interest of $47 million credited to the account by the government exceeded payments of $55 million to annuitants and beneficiaries.

Public service superannuation account

The increase of $137 million in the public service superannuation account was due mainly to the government's contribution of $51 million (equal to the estimated current and prior service payments of individuals in 1961–62) and interest of $66 million credited to the account. The remainder of the increase was due to the excess of employees' current and prior service contributions and miscellaneous receipts over benefit payments.

Canadian forces superannuation account

The Canadian forces superannuation account increased by $327 million during 1962–63. The increase included the government's contribution of $58 million which was made at the rate of one and two-thirds times the current and prior service contributions, payment of interest by the government of $53 million credited to the account and the amount of $17 million by which contributions by permanent services personnel for current and prior years' service exceeded benefit payments from the account. There was also a credit of $199 million to this account in 1962–63 to bring the balance in the account into line with an actuarial evaluation as at December 31, 1960 as calculated by the Department of Insurance. A contra entry was made to the asset account "Deferred charges—unamortized portion of actuarial deficiency in the Canadian forces superannuation account".

Old age security fund

Under the Old Age Security Act pensions at the rate of $65 per month are paid, without a means test, from the old age security fund to all eligible persons seventy years of age or over. Receipts of $691 million, consisting of $302 million from the 3 per cent sales tax, $274 million from the 3 per cent tax on personal incomes (maximum tax $90) and $115 million from the 3 per cent tax on corporation profits, were $43 million less than payments of $734 million from the fund. As the balance in the fund at the end of the fiscal year 1961–62 was $2 million, temporary loans of $41 million were made by the Minister of Finance to cover the deficit in the fund.

TABLE 45
(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1959	1960	1961	1962	1963 (preliminary)
Tax receipts—					
Sales tax	173.6	270.0	270.2	284.9	302.2
Personal income tax	146.4	185.6	229.4	259.0	273.6
Corporation income tax	55.3	91.3	103.5	100.1	115.3
Total tax receipts	375.3	546.9	603.1	644.0	691.1
Pension payments	−559.3	−574.9	−592.4	−625.1	−733.7
Excess of receipts over payments	−184.0	−28.0	10.7	18.9	−42.6
Temporary loans brought forward			−28.0	−17.3	
Balance in fund brought forward					1.6
Appropriation by Parliament—					
Charged to budgetary expenditures	184.0				
Temporary loans from the Minister of Finance to cover deficit in fund		28.0	17.3		41.0
Balance in fund				1.6	

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table:

TABLE 46
(in millions of dollars)

Old Age Security Payments	Fiscal year ended March 31		Increase
	1963 (preliminary)	1962	
Newfoundland	14.0	11.9	2.1
Nova Scotia	33.8	28.9	4.9
Prince Edward Island	6.0	5.2	0.8
New Brunswick	24.9	21.3	3.6
Quebec	155.1	131.7	23.4
Ontario	265.3	226.1	39.2
Manitoba	44.6	38.1	6.5
Saskatchewan	46.3	39.6	6.7
Alberta	49.8	42.3	7.5
British Columbia	93.4	79.6	13.8
Northwest and Yukon Territories	0.5	0.4	0.1
	733.7	625.1	108.6

Undisbursed balances of appropriations to special accounts

This category records the undisbursed balances of appropriations to special accounts for which moneys have been appropriated by Parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made. There was a net increase of $11 million during the current fiscal year bringing the balance as at March 31, 1963 to $126 million.

TABLE 47
(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Colombo plan fund	91.7	77.6	14.1
Railway grade crossing fund	26.6	33.8	−7.2
National capital fund	8.1	3.6	4.5
Other	0.1	0.1	
	126.5	115.1	11.4

The increase of $14 million in the Colombo plan fund represented the amount by which the $42 million credited to the fund for assistance to countries in south and south-east Asia (and charged to budgetary expenditures) exceeded disbursements from the fund of $28 million.

The railway grade crossing fund decreased by $7 million during the year, representing disbursements of $13 million from the fund less an amount of $6 million voted by Parliament for this purpose which was credited to the fund and charged to budgetary expenditures.

The increase of $4 million in the national capital fund represented the amount by which the $9 million credited to the fund and charged to budgetary expenditures exceeded disbursements of $5 million.

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Deferred credits

This category records amounts due the government in respect of which payment has been deferred. These are contra accounts to corresponding items under the following asset categories: "Loans to, and investments in, Crown corporations", "Loans to national governments" and "Other loans and investments". The balance at March 31, 1963 was $108 million, an increase of $13 million during the year.

TABLE 48
(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease(−)
	1963 (preliminary)	1962	
Deferred interest—			
United Kingdom Financial Agreement Act, 1946	44.2	44.2	
The St. Lawrence Seaway Authority	49.4	33.7	15.7
	93.6	*77.9*	*15.7*
Capitalized interest—			
Northern Canada Power Commission	1.5	1.1	0.4
Agreements of sale of Crown assets	6.8	8.8	−2.0
Crown Assets Disposal Corporation	5.9	7.2	−1.3
	107.8	95.0	12.8

There was no change during the year in deferred interest of $44 million on loans made under the United Kingdom Financial Agreement Act, 1946. This is a contra account to a corresponding item under "Loans to national governments".

Deferred interest in respect of The St. Lawrence Seaway Authority, which is a contra account to a corresponding item in "Loans to, and investments in, Crown corporations", increased by $16 million during the year to $49 million at March 31, 1963 and included $19 million capitalized at March 31, 1959. In accordance with Order in Council P.C. 1961–1863 dated December 29, 1961, interest payable on December 31, 1961 by The St. Lawrence Seaway Authority, as well as interest payable on December 31, 1962, has been deferred until December 31, 1963. On December 31, 1963 the total amount of interest so deferred, together with interest due on that date, will be computed as a single sum and is to be repaid in equal annual instalments calculated by amortizing the said sum, including interest at rates determined by the Minister of Finance, over a period of forty-six years.

There was a small increase in the capitalized interest on loans made to Northern Canada Power Commission. Advances are made to the Commission for various projects in the Yukon Territory and Northwest Territories and advances are also made pursuant to the Atlantic Provinces Power Development Act to the Provinces of Nova Scotia and New Brunswick. Upon completion of a project accrued interest due is computed from, but not including, the date of each advance to the date of completion of the project and is set up as capitalized interest and added to the original amount of the advance to be repayable in thirty or forty (as the case may be) equal annual instalments.

Balances receivable under agreements of sale of Crown assets are set up as contra accounts to corresponding items under "Other loans and investments". Receipts of $2 million were in respect of outstanding agreements.

The government's equity in the agency account of Crown Assets Disposal Corporation is a contra account to a corresponding item under "Other loans and investments". This equity decreased by $1 million during the year.

Suspense accounts

These consist of balances where some uncertainty as to disposition exists.

TABLE 49
(in millions of dollars)

Suspense Accounts	Balance at March 31		Increase or decrease(−)
	1963 (preliminary)	1962	
Replacement of materiel, sec. 11, National Defence Act	1.2	1.4	−0.2
Unclaimed cheques	1.4	1.4	
Other	4.8	2.5	2.3
	7.4	5.3	2.1

The replacement of materiel account, established by section 11 of the National Defence Act, is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for the procurement of replacement materiel. The balance in the account at March 31, 1963 was $1 million, approximately the same as at the previous fiscal year-end.

The unclaimed cheques account is credited with the amount of treasury cheques (except those drawn on asset and liability accounts) which remain undelivered for certain specified periods subsequent to date of issue, pending claims therefor.

Unmatured debt

The unmatured debt of Canada at the close of the 1962–63 fiscal year amounted to $17,962 million, an increase of $1,016 million over the previous fiscal year-end total of $16,946 million.

TABLE 50
(in millions of dollars)

Unmatured Debt	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Payable in Canada—			
Marketable bonds	10,792.2	10,812.8	−20.6
Non-marketable bonds—			
Canada savings bonds	4,582.2	4,055.2	527.0
Unemployment Insurance Commission	11.5	62.5	−51.0
	15,385.9	*14,930.5*	*455.4*
Treasury bills	2,165.0	1,885.0	280.0
	17,550.9	16,815.5	735.4
Payable in London[1]	34.5	32.0	2.5
Payable in New York [1]	376.4	98.2	278.2
	17,961.8	16,945.7	1,016.1

[1] Marketable bonds.

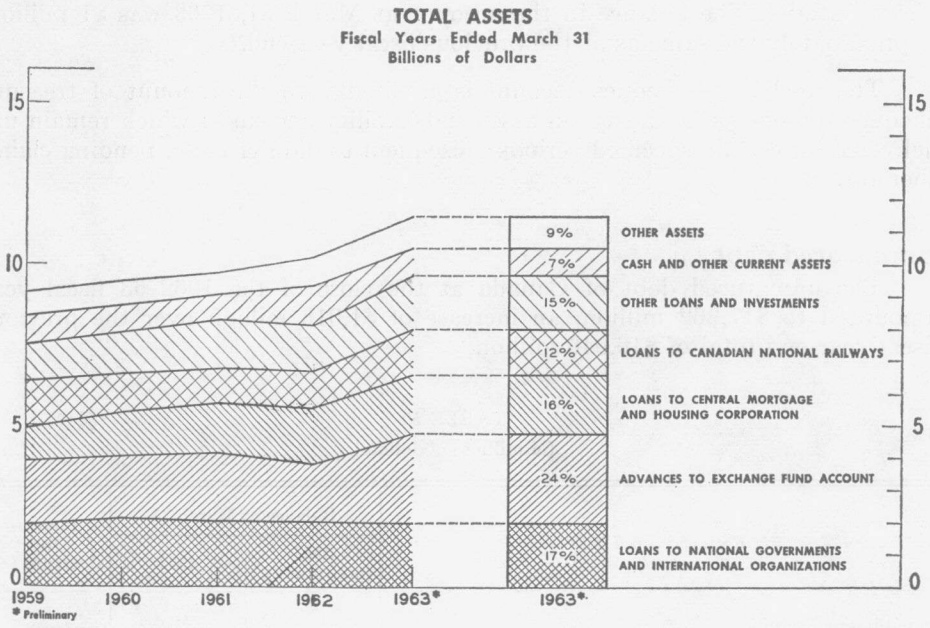
The details of the various loan issues, maturities, redemptions, cancellations and conversions resulting in the net increase are described more fully in the section "The Public Debt".

Unmatured debt obligations payable in London and in New York are stated in Canadian dollars converted at the rate of $3.027 for the pound sterling and $1.08108 for the U.S. dollar respectively.

B. Changes in Principal Asset Classifications during 1962–63

Total assets amounted to $11,421 million at March 31, 1963, an increase of $1,195 million during the fiscal year. As there was no change in the reserve of $546 million for losses on realization of assets, net assets were $10,875 million at the close of the fiscal year.

The principal changes were increases of $943 million in advances to the exchange fund account, $480 million in loans to, and investments in, Crown corporations, $209 million in deferred charges and $112 million in other loans and investments, and decreases of $421 million in current assets and $129 million in loans to national governments.



Current assets

Total current assets amounted to $825 million at the end of the fiscal year 1962–63, a decrease of $421 million from the 1961-62 total of $1,246 million.

The main items responsible for the decrease of $421 million during the year were decreases of $403 million in cash in current and special deposits and $61 million in the securities investment account and an increase of $30 million in departmental working capital advances and revolving funds (of which $13 million was in the defence production revolving fund).

TABLE 51
(in millions of dollars)

Current Assets	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Cash in current and special deposits[1]	374.0	777.5	−403.5
Cash in hands of collectors and in transit	132.6	117.8	14.8
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	136.8	132.8	4.0
Defence production revolving fund	40.7	27.3	13.4
Miscellaneous departmental imprest and advance accounts	23.1	23.1	
Other	53.1	40.2	12.9
	253.7	*223.4*	*30.3*
Securities investment account	33.5	94.6	−61.1
Moneys received after March 31 but applicable to the current year	14.9	17.9	−3.0
Post Office—cash on hand and in transit	16.0	14.8	1.2
	824.7	1,246.0	−421.3

[1] Receiver General year-end balances in London, New York, Paris and Bonn are at the Canadian dollar equivalent of exchange rates at March 31.

Advances to the exchange fund account

Advances during the year to the exchange fund account to finance the purchase of gold and foreign exchange amounted to $1,991 million, and repayments were $1,048 million increasing outstanding advances to $2,736 million at March 31, 1963. During 1961–62 advances were $397 million, repayments were $628 million and outstanding advances were $1,793 million at March 31, 1962.

Sinking fund and other investments held for retirement of unmatured debt

The balance of $22 million in this category at March 31, 1963 was approximately $3 million more than at the end of the previous fiscal year.

It should be noted that the purchase fund account which was established to assist in the orderly retirement of the public debt showed a nil balance at March 31, 1963. During the year government securities totalling $113 million were purchased and subsequently cancelled before the fiscal year-end. Full particulars of the securities purchased and cancelled may be found in section 6 "The Public Debt" further on in this report.

TABLE 52
(in millions of dollars)

Sinking Fund and Other Investments Held for Retirement of Unmatured Debt	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Sinking fund invested in—			
Newfoundland guaranteed stock, 1933–63, 3 per cent	16.6	12.8	3.8
United Kingdom conversion stock, 1963, 4¾ per cent	3.9	5.3	−1.4
	20.5	*18.1*	*2.4*
Other investments—			
Newfoundland guaranteed stock, 1933–63, 3 per cent	1.5	1.3	0.2
	22.0	19.4	2.6

Note: Converted at the official parity rate of £1 = $3.027 Canadian.

Loans to, and investments in, Crown corporations

An increase of $480 million in these loans and investments during 1962–63 brought the balance at March 31, 1963 to $4,465 million.

TABLE 53
(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Atomic Energy of Canada Limited	53.3	65.8	−12.5
Bank of Canada	5.9	5.9	
Canadian Arsenals Limited	7.5	7.5	
Canadian Broadcasting Corporation	3.0	3.0	
Canadian Commercial Corporation	9.5	10.0	−0.5
Canadian National Railways	1,434.7	1,160.0	274.7
Trans-Canada Air Lines	4.6	5.0	−0.4
	1,439.3	*1,165.0*	*274.3*
Canadian National (West Indies) Steamships Limited	0.3	0.9	−0.6
Canadian Overseas Telecommunication Corporation	50.2	37.9	12.3
Central Mortgage and Housing Corporation	1,797.5	1,701.0	96.5
Eldorado Mining and Refining Limited	8.2	8.2	
Export Credits Insurance Corporation	35.3	15.3	20.0
Farm Credit Corporation	269.0	210.0	59.0
National Capital Commission	40.9	31.5	9.4
National Harbours Board	192.7	178.8	13.9
Northern Canada Power Commission	19.0	26.2	−7.2
Northern Ontario Pipe Line Crown Corporation	111.5	119.0	−7.5
Polymer Corporation Limited	30.0	30.0	
The St. Lawrence Seaway Authority—			
Loans	341.5	334.5	7.0
Deferred interest	49.4	33.7	15.7
	390.9	*368.2*	*22.7*
Other Crown Corporations	1.1	1.1	
	4,465.1	3,985.3	479.8

Canadian National Railways (including Trans-Canada Air Lines)

Advances to the Canadian National Railways amounted to $1,439 million as at March 31, 1963, an increase of $274 million over the previous fiscal year-end balance of $1,165 million.

TABLE 54
(in millions of dollars)

Advances to the Canadian National Railways	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Capital Revision Act, 1952—			
Preferred stock	970.7	951.8	18.9
Twenty-year obligation	100.0	100.0	
Financing and Guarantee Acts	63.2	57.4	5.8
Refunding Act, 1955	283.8	33.8	250.0
Canadian Government Railways	17.0	17.0	
Trans-Canada Air Lines—income deficits	4.6	5.0	−0.4
	1,439.3	1,165.0	274.3

During the fiscal year ended March 31, 1963 the government made available to the Canadian National Railways $322 million and received repayments of $48 million. The amount of advances to the company outstanding at March 31, 1963 was therefore increased by $274 million.

TABLE 55
(in millions of dollars)

ADVANCES TO, AND REPAYMENTS BY, THE CANADIAN NATIONAL RAILWAYS DURING THE FISCAL YEAR 1962–63	Fiscal year ending March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Advances—			
For the refunding of debt	250.0	37.1	212.9
For capital expenditures	5.8	27.6	−21.8
For purchase fund		2.9	−2.9
For interim financing of income deficits—			
Canadian National Railways	41.3	63.8	−22.5
Trans-Canada Air Lines	5.9	7.2	−1.3
Total advances	303.0	138.6	164.4
Purchase of 4 per cent preferred stock (C.N.R. Capital Revision Act, 1952)	18.9	21.4	−2.5
	321.9	*160.0*	*161.9*
Repayments—			
Advances for capital and refunding purposes		−14.8	14.8
Advances for interim financing of income deficits—			
Canadian National Railways	−41.3	−65.8	24.5
Trans-Canada Air Lines	−6.3	−7.0	0.7
	−47.6	*−87.6*	*40.0*
Net increase during the fiscal year	274.3	72.4	201.9

In 1962–63 the government advanced to the company $250 million for the retirement of debt in the hands of the public and $6 million for capital purposes.

In addition, to assist the Canadian National Railways to finance further capital expenditure during the year, the government purchased $19 million of 4 per cent preferred stock of the company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to 3 per cent of the gross revenue of the company.

The government also provided the company with temporary loans of $41 million in respect of its 1962 income deficit. It should be noted that the 1962 income deficit of the Canadian National Railways was $49 million (of which $41 million was covered by temporary loans and $8 million paid from company funds) and on parliamentary authority will be charged to 1962–63 budgetary expenditures.

At March 31, 1962 temporary loans of $5 million were outstanding to the Trans-Canada Air Lines in respect of its 1962 income deficit. During 1962–63 further advances of $1 million were made bringing the total advances for this purpose to $6 million. Of these advances $3 million was repaid by the Air Lines and the balance of $3 million representing the 1962 income deficit will be charged to 1962–63 budgetary expenditures upon parliamentary approval. The government also advanced $5 million on account of the Air Lines 1963 income deficit which was outstanding at March 31, 1963.

Central Mortgage and Housing Corporation

Loans during the fiscal year were $249 million of which $198 million was for direct lending and limited dividend housing and $51 million for federal-provincial projects. Repayments were $153 million, of which $141 million was in respect of direct lending, $8 million in respect of federal-provincial projects and $4 million in respect of housing. The balance at March 31, 1963 was $1,798 million compared with $1,701 million at March 31, 1962.

TABLE 56
(in millions of dollars)

Advances to, and Repayments by, Central Mortgage and Housing Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Advances—			
Direct lending and limited dividend housing	198.2	223.8	−25.6
Federal-provincial projects—			
Housing	10.0	9.5	0.5
Municipal sewage treatment	26.5	5.5	21.0
University housing	14.5	3.5	11.0
	51.0	*18.5*	*32.5*
	249.2	242.3	6.9
Repayments—			
Direct lending and limited dividend housing	−140.5	−46.4	−94.1
Federal-provincial projects—			
Housing	−5.8	−3.0	−2.8
Municipal sewage treatment	−2.0		−2.0
University housing	(1)		
	−7.8	*−3.0*	*−4.8*
Housing	−4.4	−2.6	−1.8
	−152.7	−52.0	−100.7
	96.5	190.3	−93.8

(1) Less than $50,000.

Farm Credit Corporation

Loans to the Farm Credit Corporation amounted to $60 million and investments in the capital of the corporation to $2 million during the year. Repayments of $3 million brought the balance at March 31, 1963 to $269 million, $59 million more than at the previous fiscal year-end.

The St. Lawrence Seaway Authority

Advances to The St. Lawrence Seaway Authority were $7 million during the year resulting in a balance of $342 million at March 31, 1963. Deferred interest on these loans increased by $16 million during the year to $49 million and included $19 million capitalized as at March 31, 1959.

In accordance with Order in Council P.C. 1961–1863 dated December 29, 1961, interest of $14 million payable on December 31, 1961 by The St. Lawrence Seaway Authority, as well as interest payable on December 31, 1962, has been deferred until December 31, 1963. On December 31, 1963 the total amount so deferred, together with the interest due on that date, will be computed as a

single sum and is to be repaid in equal annual instalments calculated by amortizing the said sum, including interest at rates determined by the Minister of Finance, over a period of forty-six years. This single sum and the principal sum of the loans made to the Authority now outstanding, together with the deferred interest capitalized as at December 31, 1959, shall be repaid in equal annual instalments commencing December 31, 1964 over a period of forty-six years except that on December 31, 1984 the balance of the said single sum and interest thereon then owing and the principal sum, together with deferred interest and any unpaid interest thereon, shall be paid in cash or by the delivery of an obligation or obligations of the Authority bearing such rate of interest and subject to such other terms and conditions as the Governor in Council may approve.

Other Crown Corporations

Loans to the Export Credits Insurance Corporation increased by $20 million during the fiscal year, loans to the National Harbours Board by $14 million, loans to the Canadian Overseas Telecommunication Corporation by $12 million and loans to the National Capital Commission by $9 million. Loans to the Northern Ontario Pipe Line Crown Corporation decreased by $8 million, advances to Northern Canada Power Commission decreased by $7 million and advances to Atomic Energy of Canada Limited decreased by $13 million.

Loans to national governments

These loans totalled $1,211 million at March 31, 1963, a decrease of $129 million from the previous fiscal year-end balance.

TABLE 57
(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Loans to United Kingdom—			
The United Kingdom Financial Agreement Act, 1946	1,012.9	1,030.3	−17.4
Deferred interest	44.2	44.2	
	1,057.1	*1,074.5*	*−17.4*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	32.3	34.6	−2.3
France	67.0	133.9	−66.9
The Netherlands	32.1	68.8	−36.7
	131.4	*237.3*	*−105.9*
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada—			
Ceylon	1.4	1.7	−0.3
India	20.0	24.8	−4.8
	21.4	*26.5*	*−5.1*
Miscellaneous loans and advances—			
France—interim credit—consolidated interest	0.6	1.3	−0.7
Other	0.2	0.2	
	0.8	*1.5*	*−0.7*
	1,210.7	1,339.8	−129.1

The United Kingdom repaid $17 million of the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, reducing the principal to $1,013 million at March 31, 1963.

In 1957, the Government of the United Kingdom deferred the payment due December 31, 1957 of principal and interest on the above loan. The deferment was by an agreement between the Governments of Canada and the United Kingdom that was approved by a 1957 Act to amend the United Kingdom Financial Agreement Act, 1946. The agreement, which became effective April 29, 1957, permits the United Kingdom in lieu of any right of waiver hitherto existing to defer after December 31, 1956 seven instalments of principal and interest under certain conditions. Principal and interest due December 31, 1957 was so deferred. The first of any such deferred instalments is payable on December 31, 2001, and the others annually thereafter, in order. In addition, it permitted the instalment of interest in respect of the year 1956 to be deferred and provided that this instalment of interest so deferred shall be paid on December 31 of the year immediately following the year in which the last of all other instalments, including those deferred, is due. Interest at 2 per cent is payable on deferred instalments of both principal and interest.

Advances under Part II of the Export Credits Insurance Act to Belgium, France and The Netherlands to assist them in the purchasing of goods in Canada were reduced by repayments of $106 million during the fiscal year. The balance at March 31, 1963 was $131 million. In June 1962, France made an advance payment of $67 million covering eight annual instalments payable December 31, 1962 to December 31, 1969 inclusive and The Netherlands made a payment of $37 million in July 1962 covering eight instalments payable April 30, 1963 to April 30, 1970 inclusive.

Special loans to Colombo plan countries to finance the purchase of wheat and flour by them from Canada amounted to $21 million at March 31, 1963, $5 million less than at March 31, 1962.

Other loans and investments

The balance in this category was $1,105 million at March 31, 1963, an increase of $111 million during the fiscal year 1962–63.

Canada's subscriptions to the capital of international organizations increased by $34 million during the fiscal year due to further subscriptions of $8 million to the international development association, $7 million to the international bank for reconstruction and development and $6 million in working capital advances and loans to international organizations. The revaluation adjustments in the Canadian dollar balance in the international monetary fund accounted for an increase of $13 million.

Loans to provincial governments increased by $2 million during the fiscal year. This was caused by an overpayment of $5 million to the Province of British Columbia under the 1957 tax-sharing agreements due to the revisions of population figures as a result of the 1961 census. Repayment will be made by the Province of British Columbia at the rate of $175,000 per month.

As at March 31, 1963, under the federal-provincial tax collection agreements, payments in advance to the provinces exceeded the amount estimated as having been collected on behalf of the provinces by $10 million. As at March 31, 1962 the federal government had collected on behalf of the provinces $38 million which was recorded in that fiscal year as a liability in the deposit and trust category.

TABLE 58
(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1963 (preliminary)	1962	
Subscriptions to capital of, working capital advances and loans to, international organizations—			
Canada's subscription to capital of—			
International bank for reconstruction and development	80.5	73.7	6.8
International development association	24.9	16.4	8.5
International finance corporation	3.5	3.5	
International monetary fund	577.3	564.7	12.6
Working capital advances and loans to international organizations	7.8	1.6	6.2
	694.0	*659.9*	*34.1*
Loans to provincial governments—			
Alberta	7.2	7.6	−0.4
British Columbia	18.4	14.7	3.7
Manitoba	12.4	13.0	−0.6
New Brunswick	31.1	28.9	2.2
Newfoundland	0.5		0.5
Nova Scotia	7.3	8.0	−0.7
Saskatchewan	23.1	25.7	−2.6
	100.0	*97.9*	*2.1*
Provincial tax collection agreements account—advances	10.3		10.3
Veterans Land Act advances	224.4	208.0	16.4
Less reserve for conditional benefits—Veterans Land Act, 1942	−28.8	−30.6	1.8
	195.6	*177.4*	*18.2*
Miscellaneous—			
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	2.2	2.6	−0.4
Balances receivable under agreements of sale of Crown assets	8.3	10.6	−2.3
City of Montreal—			
Atwater tunnel	2.0	2.0	
St. Remi tunnel	1.1	1.2	−0.1
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	1.5	1.7	−0.2
Crown Assets Disposal Corporation—government equity in agency account	5.9	7.2	−1.3
Dominion Coal Company Limited	5.9	5.7	0.2
Hamilton Harbour Commissioners	1.2	1.2	
Housing projects for Canadian forces	12.6	6.4	6.2
Land development of the Cornwall Navigation System	1.7	1.7	
Municipal Improvements Assistance Act, 1938	1.3	1.5	−0.2
New Westminster Harbour Commission	2.2	2.3	−0.1
Northwest Territories	2.5	1.3	1.2
Old age security fund—temporary loans	41.0		41.0
Town of Oromocto, New Brunswick	3.9	4.0	−0.1
Town of Oromocto Development Corporation	1.2	1.2	
Yukon Territory	5.5	2.7	2.8
Other	5.5	5.4	0.1
	105.5	*58.7*	*46.8*
	1,105.4	993.9	111.5

Under the 1957 tax-sharing agreements, the obligation on the renting provinces to abstain from the imposition of personal and corporation income taxes was to lapse on December 31, 1961. As the Government of Canada did not offer to renew tax rental agreements, the former renting provinces have all imposed personal and corporation income taxes effective January 1, 1962. The Government of Canada, in place of the tax rental agreements, offered to enter into tax collection agreements with the provinces whereby Canada would undertake to collect without charge the provincial personal and corporation income taxes at rates determined by the provinces provided that the provincial personal income tax was expressed as a percentage of the federal personal income tax payable and the provincial corporation income tax employed a definition of corporate taxable

income identical with the federal definition. To make room for the imposition of provincial income taxes, the Income Tax Act was amended in the 1961 session of Parliament (1) to reduce the federal income tax payable by individuals resident in the provinces by 16 per cent in 1962 and by a further one per cent in each subsequent year until the deduction amounts to 20 percent in 1966, and (2) to reduce the federal tax rate on the taxable income of corporations earned in the provinces by 9 percentage points. Canada collects the personal income tax for nine provinces (Quebec excepted) and the corporation income tax for eight provinces (Quebec and Ontario excepted). With the exception of Saskatchewan and Manitoba, the provinces which have entered into tax collection agreements have imposed personal and corporation income taxes equivalent to the federal withdrawal. These two provinces have imposed personal income taxes at 22 per cent rather than 16 per cent of the federal tax payable and 10 per cent rather than 9 per cent of the taxable income of corporations.

In accordance with the provisions of the Federal-Provincial Fiscal Arrangements Act an agreement has been entered into with each of the provinces (Quebec excepted) pursuant to which Canada will collect provincial income taxes on behalf of the province and will make payments to the province in respect of the taxes so collected in accordance with terms and conditions as the agreement prescribes.

At the beginning of each fiscal year the Minister of Finance will estimate (subject to revision at any time) the amount of the payment that in his opinion is due to the province in respect of the year ending in that fiscal year and will make payments to the province, on the basis of this estimate, in equal monthly instalments. Any adjustment will be made not later than December 31 following the end of that year.

The agreements became effective on January 1, 1962 and the first monthly payment was made in April 1962.

Under the Veterans Land Act advances are made by the government for the acquisition of properties, buildings, materials, livestock, farm equipment and commercial fishing equipment for sale to qualified veterans of world war 2 and Korea under sale agreements which carry specified conditional benefits if the terms of such agreements are adhered to by the veteran. Advances during the year less the reserve for conditional benefits increased by $18 million.

Miscellaneous loans and investments were $47 million higher at March 31, 1963, mainly on account of temporary loans of $41 million to the old age security fund by the Minister of Finance.

Securities held in trust

This category records the security holdings of various deposit and trust, and annuity, insurance and pension accounts. Bonds and certified cheques held in connection with contractors' securities, included in the deposit and trust category, are also recorded under this heading. The balance at March 31, 1963 was $26 million, approximately the same as for the previous fiscal year.

Deferred charges

This category consists of the unamortized portions of actuarial deficiencies in the Canadian forces superannuation account, the public service superannuation account, the Royal Canadian Mounted Police superannuation account, and the outstanding balance of unamortized loan flotation costs. There was an increase of $209 million in this category during the year, bringing the balance at March 31, 1963 to $937 million.

Unamortized portions of actuarial deficiencies

These accounts record the unamortized portions of the actuarial deficiencies in the public service, the Canadian forces, and the Royal Canadian Mounted Police superannuation accounts which have been set up as deferred charges to be written off to budgetary expenditure upon parliamentary approval. These deficiencies are based on actuarial valuations made as at December 31, 1957, December 31, 1960 and December 31, 1961, respectively.

The increase of $199 million in the unamortized portion of the actuarial deficiency in the Canadian forces superannuation account is a contra item to a similar amount credited to the Canadian forces superannuation account. This was due to an actuarial revaluation of the account as at December 31, 1960 and brought the balance of the contra account to $525 million.

Unamortized loan flotation costs

This account records the residual balances of discounts, commissions, redemption bonuses and conversion premiums on loan flotations that have not been charged to budgetary expenditure. The balance as at March 31, 1963 was $131 million, an increase of $10 million over the previous fiscal year.

TABLE 59
(in millions of dollars)

Unamortized Loan Flotation Costs	Fiscal year ended March 31			
	1963 (preliminary)		1962	
Balance of account at beginning of fiscal year		121.3		130.7
New flotation costs to be amortized—				
3¾% loan May 1, 1962—Oct. 1, 1967	1.7			
5½% loan Aug. 1, 1962—Oct. 1, 1969	1.1			
5½% loan Aug. 1, 1962—Aug. 1, 1980	3.1			
4¼% loan Oct. 1, 1962—Apr. 1, 1965	1.6			
5½% loan Oct. 1, 1962—Apr. 1, 1969	0.8			
3½% loan Dec. 15, 1962—Feb. 1, 1965	4.9			
3¼% loan Feb. 1, 1963—Feb. 1, 1964	1.0			
3½% loan Feb. 1, 1963—Feb. 1, 1966	6.6			
5% loan Oct. 15, 1962—Oct. 15, 1987[1]	0.4			
Adjustments[2]	2.3			
Treasury bills discount	14.9		10.0	
Canada savings bonds—adjustment of previous issues	0.9		0.6	
Canada savings bonds—new issue	14.6		9.3	
3% loan May 1, 1961—May 1, 1962			1.6	
3% loan Aug. 1, 1961—Aug. 1, 1962			1.2	
4% loan Aug. 1, 1961—Dec. 1, 1964			2.8	
4½% loan Sept. 15, 1961—Dec. 15, 1966			1.4	
2¾% loan Dec. 1, 1961—June 1, 1963			2.0	
3¼% loan Dec. 1, 1961—Oct. 1, 1964			3.4	
4¼% loan Dec. 1, 1961—June 1, 1967			0.5	
2¾% loan Jan. 15, 1962—Apr. 1, 1963			3.0	
4¼% loan Jan. 15, 1962—Jan. 15, 1968			0.5	
	53.9		*36.3*	
Less—				
Amortization applicable to fiscal year—				
Canada savings bonds and general loan	−32.7		−33.7	
Discount on treasury bills charged to interest on public debt	−10.0		−11.3	
Adjustments[2]	−0.9		−0.7	
	−43.6		*−45.7*	
Increase or decrease (−) during the year		10.3		−9.4
Balance of account at end of fiscal year		131.6		121.3

[1] Loan issued in New York.

[2] Adjustments due to cancellations, exchanges, conversions and additional issues of existing loans.

Cost of new loans issued during 1962–63 and charged to the account was $54 million, of which $15 million was in respect of treasury bill discounts to be charged to interest on public debt in 1963–64. Credits to the account were $44 million, of which $33 million was a charge to the budgetary expenditure item "Annual amortization costs", and $10 million, representing discount on treasury bills sold in 1961–62, was a charge to the budgetary item "Interest on public debt", and $1 million was an adjustment due to cancellations, exchanges, conversions and additional issues of existing loans.

Suspense accounts

The only item in this category is the cheque adjustment suspense account which reflects unadjusted balances in prior years resulting from the reconciliation of payments for redemption of paid cheques with the amount of those cheques as subsequently determined in adjustment of the outstanding cheque account.

Capital assets

Assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditure at the time of acquisition or construction, are included in this category and are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and investments

Loans and investments which are not currently revenue-producing or realizable are recorded in this category. Included are the loans of $49 million to China under the Export Credits Insurance Act, $24 million and $7 million made to Roumania and Greece in 1919–20 and 1920–21 and advances of $15 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

There was no change in this reserve during the year, the balance of $546 million as at March 31, 1963 being the same as at the previous fiscal year-end.

C. Increase in Net Debt

The deficit of $709 million for the current fiscal year resulted in a corresponding increase in the net debt of Canada which amounted to $13,937 million at March 31, 1963.

5. THE CASH POSITION

The government's cash position is affected not only by the budgetary transactions but also by changes in the government's outstanding unmatured debt and other non-budgetary transactions. In 1962-63 there was a decrease of $403 million in the government's bank balances. This decrease was the result of the budgetary deficit of $709 million and net disbursements of $758 million for non-budgetary transactions offset in part by an increase of $1,064 million in unmatured debt outstanding in the hands of the public (after taking into account transactions in the securities investment account and the sinking fund and other investments account).

Non-budgetary receipts and disbursements relate to transactions which result in increases or decreases in the government's assets and liabilities and do not appear in what might be called the government's income account for the fiscal year nor do they enter into the calculation of the annual budgetary surplus or deficit. However, in considering the full scope of the government's financial operations and in measuring their effect on the government's cash position and their impact on the economy, non-budgetary as well as budgetary transactions must be taken into account.

The increases or decreases in the government's assets and liabilities have been described in detail in the section entitled "Summary of Assets and Liabilities of Canada". On the assets side the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liabilities side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.

TABLE 60
(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31			
	1963 (preliminary)		1962	
Budgetary transactions—				
Revenues	5,876.1		5,729.6	
Expenditures	−6,585.1		−6,520.6	
Budgetary deficit		**−709.0**		**−791.0**
Non-budgetary transactions (excluding unmatured debt transactions) (net)—				
Receipts and credits	1,139.9		461.1	
Disbursements and charges	−1,898.4		−147.7	
Net amount received from or disbursed for (−) non-budgetary transactions (excluding unmatured debt transactions)		**−758.5**		**313.4**
Overall cash requirement to be financed by increase in debt or decrease in cash balances		**−1,467.5**		**−477.6**
Net increase in unmatured debt outstanding in the hands of the public—				
Unmatured debt—				
Bonds	736.1		927.8	
Treasury bills	280.0		−50.0	
Securities investment account	(1)50.5		(1)19.1	
Sinking fund and other investments	−2.6		−2.4	
		1,064.0		**894.5**
Net increase or decrease (−) in Receiver General bank balances		**−403.5**		**416.9**

(1) Excluding securities other than government issues.

The preceding table summarizes both the budgetary and non-budgetary transactions for 1962–63 and indicates how they affected the government's cash position. For purposes of comparison the corresponding figures for 1961–62 are also shown.

As the table shows, non-budgetary receipts and credits for 1962-63 (excluding unmatured debt transactions) totalled $1,140 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) were $1,898 million, resulting in a net disbursement of $758 million. As the budgetary deficit was $709 million, $1,467 million required financing by an increase in unmatured debt or a decrease in cash balances. In 1961–62 there was a net receipt of $313 million from non-budgetary transactions and a budgetary deficit of $791 million resulting in $478 million having to be financed by an increase in unmatured debt or a decrease in cash balances.

Non-budgetary receipts and credits

Non-budgetary receipts and credits, as already indicated, amounted to $1,140 million in 1962–63 as shown in the following table:

TABLE 61

(in millions of dollars)

Non-budgetary Receipts and Credits	Fiscal year ended March 31			
	1963 (preliminary)		1962	
Repayments of loans, investments and working capital advances (net)—				
Agricultural products board account			4.9	
Atomic Energy of Canada Limited	12.5		−4.9	
Canadian Commercial Corporation	0.5		−3.0	
Northern Canada Power Commission	7.2		0.3	
Northern Ontario Pipe Line Crown Corporation	7.5		4.7	
United Kingdom (1946 loan)	17.4		17.1	
Special loans to India and Ceylon (Re purchase of wheat from Canada)	5.1		5.0	
Other national governments (Export Credits Insurance Act)	105.9		15.3	
Unemployment insurance fund			67.0	
Other	6.2		8.4	
		162.3		114.8
Net government annuities account receipts—				
Premium receipts less payments to beneficiaries	−20.9		−9.8	
Interest paid by government	47.3		46.0	
		26.4		36.2
Net insurance and pension accounts receipts—				
Employee contributions less payments to beneficiaries	38.4		32.5	
Government contributions	114.7		108.3	
Actuarial deficiency in the Canadian forces superannuation account	198.5			
Actuarial deficiency in the Royal Canadian Mounted Police superannuation account			3.5	
Interest paid by government	122.5		111.4	
Old age security fund	−1.6		1.6	
		472.5		257.3
Net increase in current and demand liabilities—				
Outstanding treasury cheques	1.9		13.9	
Interest due and outstanding	6.8		7.1	
Accrued interest	26.0		20.6	
Non-interest-bearing notes payable to the international development association	5.3		7.4	
Non-interest-bearing notes payable to the international monetary fund	380.0		−19.0	
Other	3.0		7.3	
		423.0		37.3
Net increase in sundry liabilities—				
Deposit and trust accounts—miscellaneous	4.9		1.2	
Undisbursed balances of appropriations—				
Colombo plan fund	14.1		10.1	
National Capital Commission	4.5		0.8	
Deferred credits—				
The St. Lawrence Seaway Authority—				
Deferred interest	15.7		14.3	
Northern Canada Power Commission—				
Capitalized interest	0.4		1.1	
Suspense accounts	2.3		−0.1	
		41.9		27.4
Net decrease in sundry asset accounts—				
Moneys received after March 31 but applicable to the current year	3.0		−3.9	
Securities investment account—Canadian Arsenals Limited pension fund	10.6		−12.2	
Securities held in trust	0.2		4.2	
		13.8		−11.9
		1,139.9		461.1

Non-budgetary disbursements and charges

Non-budgetary disbursements and charges totalled $1,898 million in 1962–63 as shown in the following table:

TABLE 62
(in millions of dollars)

Non-budgetary Disbursements and Charges	Fiscal year ended March 31			
	1963 (preliminary)		1962	
Loans, investments and working capital advances (net)—				
Agricultural commodities stabilization account	4.0		42.6	
Canadian National Railways (including Trans-Canada Air Lines)	274.3		72.4	
Canadian Overseas Telecommunication Corporation	12.3		6.2	
Central Mortgage and Housing Corporation	96.5		190.3	
Defence production revolving fund	13.4		11.6	
Exchange fund account	943.0		−231.0	
Export Credits Insurance Act (sec. 21A)	20.0		5.3	
Farm Credit Corporation	59.0		54.2	
Housing projects for Canadian forces	6.2		1.9	
International organizations (subscriptions to capital)	34.1		28.8	
National Capital Commission	9.4		6.2	
National Harbours Board	13.9		6.0	
Old age security fund	41.0		−17.3	
Provincial governments	2.1		−0.5	
Provincial tax collection agreements	10.3			
Royal Canadian Mint	6.4		6.7	
The St. Lawrence Seaway Authority	22.7		28.3	
Veterans Land Act advances	18.2		11.3	
Governments of Yukon and Northwest Territories	4.0		1.0	
Other	6.8		3.0	
		1,597.6		227.0
Net disbursements from sundry liability accounts—				
Current and demand liabilities—				
International monetary fund—revaluation of Canadian dollar balance			10.1	
Accounts payable	13.7		−59.3	
Deposit and trust accounts—				
Canadian Arsenals Limited pension fund	10.6		−12.2	
Liability to United States of America			24.5	
Provincial tax collection agreements	38.0		−38.0	
Annuity, insurance and pension accounts—				
Unemployment insurance fund—				
Uninvested funds on deposit with the government	3.0		3.0	
Undisbursed balances of appropriations—				
Railway grade crossing fund	7.2		0.3	
Deferred credits—				
Agreements of sale of Crown assets	2.0		1.2	
Crown Assets Disposal Corporation	1.3		−2.3	
Other			0.5	
Suspense accounts—				
Replacement of materiel, sec. 11, National Defence Act	0.2		3.2	
		76.0		−69.0
Net increases in sundry asset accounts—				
Cash in hands of collectors and in transit	14.8		−8.3	
Post office—cash on hand and in transit	1.2		3.8	
Unamortized portion of actuarial deficiency in the Canadian forces superannuation account	198.5			
Unamortized portion of actuarial deficiency in the Royal Canadian Mounted Police superannuation account			3.5	
Unamortized loan flotation costs	10.3		−9.4	
		224.8		−10.4
Net increase in other accounts				0.1
		1,898.4		147.7

Summary

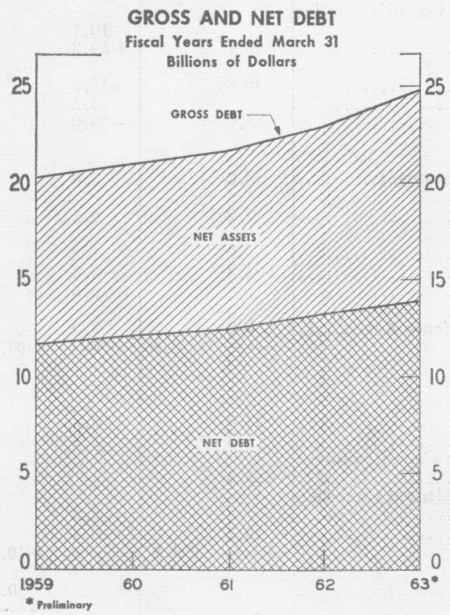
In summary, as budgetary and non-budgetary transactions required financing in the amount of $1,467 million, and unmatured debt outstanding in the hands of the public (after taking into account transactions in the securities investment account and sinking fund and other investments account) increased by $1,064 million, cash balances on deposit with the banks decreased by $403 million.

6. THE PUBLIC DEBT

Gross and net debt

The gross debt of Canada was $24,812 million as at March 31, 1963. Unmatured debt (including treasury bills) in the amount of $17,962 million accounted for approximately 72 per cent of the total. The remaining liabilities, consisting of current and demand liabilities, deposit and trust accounts, annuity, insurance and pension accounts, undisbursed balances of appropriations to special accounts, deferred credits and sundry suspense accounts, aggregated $6,850 million or approximately 28 per cent of the total debt.

The net debt of Canada was $13,937 million as at March 31, 1963, an increase of $709 million over the net debt at March 31, 1962. Total liabilities increased by $1,904 million to $24,812 million and net assets by $1,195 million to $10,875 million at March 31, 1963.



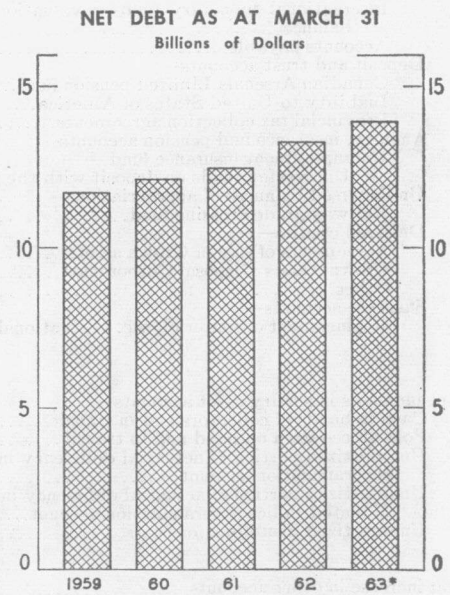


TABLE 63

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, RECORDED NET ASSETS AND NET DEBT OF CANADA
(in millions of dollars)

As at March 31	Gross Public Debt			Less recorded net assets	Net debt	Increase in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1959	15,574.1	4,675.8	20,249.9	8,571.5	11,678.4	632.1
1960	15,890.1	5,096.3	20,986.4	8,897.2	12,089.2	410.8
1961	16,067.9	5,534.9	21,602.8	9,165.7	12,437.1	347.9
1962	16,945.7	5,962.1	22,907.8	9,679.7	13,228.1	791.0
1963 (preliminary)	17,961.8	6,850.1	24,811.9	10,874.8	13,937.1	709.0

Unmatured debt

The total unmatured debt of Canada at March 31, 1963 was $17,962 million, $1,016 million more than at the end of the previous fiscal year. The government's holdings of its own securities were $54 million, comprised of $32 million in the securities investment account and $22 million in the sinking fund and other investments account. This was a decrease of $47 million from the comparable figure at March 31, 1962 when holdings were $82 million in the securities investment account and $19 million in the sinking fund and other investments account.

The decrease in the securities investment account was due mainly to the maturing of treasury bills held in the account.

Securities in the amount of $113 million were acquired for the purchase fund, which was established in 1961 to assist in the management of the public debt. Purchases during the year were as follows:

$20 million 4¼% bonds due September 1, 1972
$37 million 5½% bonds due October 1, 1975
$ 4 million 3¼% bonds due June 1, 1976
$ 8 million 3¾% bonds due January 15, 1978
$ 8 million 3¼% bonds due October 1, 1979
$35 million 4½% bonds due September 1, 1983
$ 1 million 3¾% bonds due March 15, 1998

These securities were cancelled prior to the year-end and unmatured debt was reduced by a similar amount.

Of the total unmatured debt, $17,551 million or approximately 98 per cent is payable in Canada, $376 million in New York and $35 million in London. Securities payable in New York and London have been valued at the official parity rates of $1 U.S. = $1.08108 Can. and £1 = $3.027 Can., respectively.

Summary of security issues and maturities, redemptions, conversions or cancellations

During the year ended March 31, 1963, the government issued securities in the principal amount of $4,385 million of which $4,115 million was payable in Canada (excluding the refunding of treasury bills which mature weekly) and $270 million was payable in New York. Securities issued in prior years payable in London and New York were valued at the official parity rates which resulted in an increase of $10 million when stated in Canadian dollars.

Securities payable in Canada amounting to $3,379 million were redeemed, converted or cancelled during the year.

TABLE 64
(in millions of dollars)

Unmatured Debt Transactions	Fiscal year ended March 31			
	1963 (preliminary)		1962	
Balance at beginning of year		16,946		16,068
New issues—				
For cash—				
Canada savings bonds series 15			65	
Canada savings bonds series 16	78		973	
Canada savings bonds series 17	1,634			
Marketable bonds	1,347		1,350	
Non-marketable bonds (Unemployment Insurance Commission)	86		161	
Treasury bills (net)	280			
	3,425		*2,549*	
By renewals and conversions—				
Marketable bonds	960		907	
Total new issues	4,385		3,456	
Adjustments due to valuation of securities payable in London and New York at the official parity rates [1]	10			
	4,395		3,456	
Less—				
Matured marketable bonds	−984		−498	
Redeemed non-marketable bonds (Unemployment Insurance Commission)	−137		−99	
Conversions	−960		−907	
Canada savings bonds redeemed or matured	−1,185		−538	
Treasury bills (net)			−50	
	−3,266		*−2,092*	
Unmatured marketable bonds (purchased and cancelled)	−113		−486	
	−3,379		−2,578	
Increase in unmatured debt		1,016		878
Balance at end of year		17,962		16,946

[1] Official parity rates at March 31, 1963 were £1=$3.027 Can and $1 U.S.=$1.08108 Can.

Net sales of Canada savings bonds 1962, series 17, were $1,634 million during 1962–63 and additional sales during the year of Canada savings bonds series 16 were $78 million. Canada savings bonds series 6 outstanding in the amount of $23 million matured on August 1, 1962 and redemptions prior to maturity of series 6 to 16 during the year amounted to $1,162 million. The net increase during the year for all series was $527 million; the amount outstanding and unmatured for all series at March 31, 1963 was $4,582 million.

Treasury bills outstanding at March 31, 1963 amounted to $2,165 million, consisting of $1,310 million in three-month bills, $740 million in six-month bills, $85 million in 366-day bills and $30 million in special bills of varying short term maturities held by the Bank of Canada.

TABLE 65

DEBT MATURED, REDEEMED, CONVERTED OR CANCELLED DURING THE FISCAL YEAR ENDED MARCH 31, 1963 (preliminary)

——	Matured	Redeemed	Converted	Cancelled prior to maturity	Total
	$	$	$	$	$
3% 1961–62	75,000,000		(1) 25,000,000		100,000,000
3% 1960–62	140,000,000		(2) 50,000,000		190,000,000
3% 1961–62	285,000,000		(2) 50,000,000		335,000,000
5½% 1959–62	67,516,000		(3)200,981,000		268,497,000
4¼% 1960–62	140,000,000				140,000,000
3½% 1961–62	176,503,000		(4)198,497,000		375,000,000
4% 1959–63	100,000,000				100,000,000
5½% 1960–63			(5)435,018,000		435,018,000
4¼% 1958–72				20,025,000	20,025,000
5½% 1959–75				36,575,000	36,575,000
3½% 1954–76				3,788,000	3,788,000
3¾% 1953/54–78				8,447,000	8,447,000
3½% 1954–79				8,025,000	8,025,000
4½% 1958–83				35,250,000	35,250,000
3¾% 1956–98				1,085,000	1,085,000
Canada savings bonds S.6	23,624,950				23,624,950
Canada savings bonds S.6–16		1,161,795,150			1,161,795,150
Unemployment Insurance Commission (non-marketable bonds)—					
3¾%		62,500,000			62,500,000
4%		62,000,000			62,000,000
5⅛%		12,500,000			12,500,000
	1,007,643,950	1,298,795,150	959,496,000	113,195,000	3,379,130,100

(1) Exchanged for 2¾% loan due June 1, 1963.

(2) Exchanged for 3¾% loan due Oct. 1, 1967.

(3) Exchanged for 5½% loan due Oct. 1, 1975.

(4) $88,497,000 exchanged for 4¼% loan due Jan. 15, 1968 and $110,000,000 exchanged for 3½% loan due Feb. 1, 1965.

(5) Exchanged for 5½% loan due April 1, 1976.

TABLE 66

NEW SECURITIES ISSUED DURING YEAR ENDED MARCH 31, 1963 (preliminary)

Description	Price to government	Yield at price to government	Total amount issued	Renewals or conversions included in amount issued	Amount issued for cash
	$	per cent	$	$	$
Marketable bonds—					
Loan due June 1, 1963, 2¾....	99.15	3.56	100,000,000	(1) 25,000,000	75,000,000
Loan due Jan. 15, 1968, 4¼%.	99.25	4.42	150,000,000	(2) 88,497,000	61,503,000
Loan due Oct. 1, 1975, 5½%..			200,981,000	(3)200,981,000	
Loan due April 1, 1976, 5½%.			435,018,000	(4)435,018,000	
Loan due Feb. 1, 1964, 3¼%...	99.25	4.02	125,000,000		125,000,000
Loan due Feb. 1, 1965, 3½%..	98.75	4.12	350,000,000	(5)110,000,000	240,000,000
Loan due April 1, 1965, 4¼%..	97.00	5.55	50,000,000		50,000,000
Loan due Feb. 1, 1966, 3½%..	97.25	4.49	225,000,000		225,000,000
Loan due Oct. 1, 1967, 3¾%..	98.25	4.11	100,000,000	(6)100,000,000	
Loan due April 1, 1969, 5½%..	99.50	5.59	100,000,000		100,000,000
Loan due Oct. 1, 1969, 5½%...	99.00	5.67	80,000,000		80,000,000
Loan due Aug. 1, 1980, 5½%...	98.00	5.68	120,000,000		120,000,000
New York loan due Oct. 15, 1987, 5%.....	100.00	5.00	270,270,000		270,270,000
Non-marketable bonds—					
Unemployment Insurance Commission, 4%.....	100.00	4.00	62,000,000		62,000,000
Unemployment Insurance Commission, 5⅛%.....	100.00	5.12	24,000,000		24,000,000
Canada savings bonds—					
Nov. 1, 1961—Nov. 1, 1971, 4½–5%, S. 16.....	100.00	4.60	78,598,800		78,598,800
Nov. 1, 1962—Nov. 1, 1976, 4½–5½%, S. 17.....	100.00	5.11	1,633,808,950		1,633,808,950
Treasury bills (net).....			280,000,000		280,000,000
			4,384,676,750	959,496,000	3,425,180,750

(1)In exchange for 3% loan due May 1, 1962.
(2)In exchange for 3¼% loan due Dec. 15, 1962.
(3)In exchange for 5½% loan due Oct. 1, 1962.
(4)In exchange for 5½% loan due April 1, 1963.
(5)In exchange for 3½% loan due Dec. 15, 1962.
(6)$50,000,000 in exchange for 3% loan due Aug. 1, 1962 and $50,000,000 in exchange for 3% loan due June 15, 1962.

Interest rates

The average interest rate on the government's unmatured debt at March 31, 1963 was 4.15 per cent compared with 3.94 per cent at the end of the previous fiscal year.

The yield on three-month treasury bills at tender on March 29, 1962 was 3.12 per cent. It dropped to 3.04 per cent on April 12, 1962, rose to a high of 5.51 per cent on July 19, 1962 and then declined to 3.62 per cent on March 28, 1963.

The yield on six-month treasury bills at tender on March 29, 1962 was 3.29 per cent. It dropped to 3.19 per cent on April 26, 1962, rose to a high of 5.74 per cent on July 19, 1962 and then declined to 3.74 per cent on March 28, 1963.

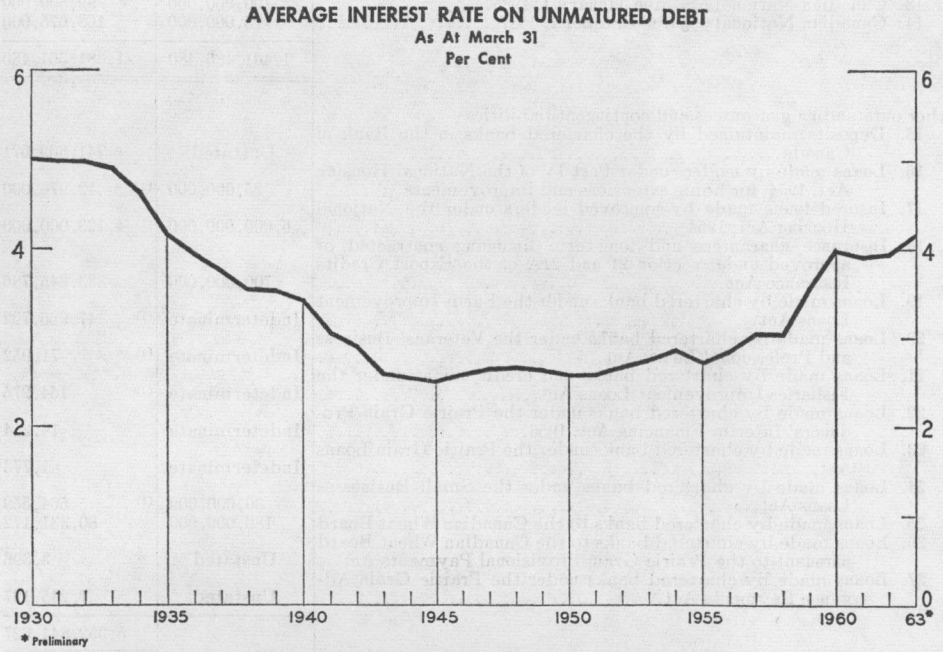
The following table shows the high and low yields together with the yield on the latest issue of three-month bills for the fiscal years 1958–59 to 1962–63 inclusive, and for six-month bills for the fiscal years 1959–60 to 1962–63 inclusive.

TABLE 67

TREASURY BILL YIELD AT TENDER

Fiscal year ended March 31	High	Low	Last issue
	per cent	per cent	per cent
Three-month bills—			
1959	4.30	0.87	4.30
1960	6.16	3.01	3.01
1961	3.95	1.68	3.21
1962	3.34	2.26	3.12
1963	5.51	3.04	(1)3.62
Six-month bills—			
1960	6.87	3.23	3.23
1961	4.07	1.99	3.37
1962	3.49	2.53	3.29
1963	5.74	3.19	(1)3.74

(1)At tender on March 28, 1963.



Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities, the government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

The government's liability under its guarantee of loans under the National Housing Act, 1954 was $4,136 million at December 31, 1962 compared with $3,651 million at December 31, 1961.

TABLE 68

SUMMARY OF INDIRECT DEBT OR CONTINGENT LIABILITIES AS AT MARCH 31, 1963

	Amount of guarantee authorized	Amount outstanding March 31, 1963
	$	$
Railway securities guaranteed as to principal and interest—		
1. Canadian National 5½% due December 15, 1964	199,576,000	198,576,000
2. Canadian National 3% due January 3, 1966	35,000,000	35,000,000
3. Canadian National 2¼% due January 2, 1967	50,000,000	50,000,000
4. Canadian National 4½% due April 1, 1967	75,000,000	72,300,000
5. Canadian National 5% due May 15, 1968	60,000,000	55,800,000
6. Canadian National 2¼% due September 15, 1969	70,000,000	70,000,000
7. Canadian National 2⅛% due January 16, 1971	40,000,000	40,000,000
8. Canadian National 5½% due December 15, 1971	424,000	424,000
9. Canadian National 3¾% due February 1, 1974	200,000,000	200,000,000
10. Canadian National 2¾% due June 15, 1975, U.S. $6,000,000	6,486,480	6,486,480
11. Canadian National 5% due May 15, 1977	90,000,000	84,600,000
12. Canadian National 4% due February 1, 1981	300,000,000	300,000,000
13. Canadian National 5¼% due January 1, 1985	100,000,000	99,500,000
14. Canadian National 5% due October 1, 1987	175,000,000	168,675,000
	1,401,486,480	1,381,361,480
Other outstanding guarantees and contingent liabilities—		
15. Deposits maintained by the chartered banks in the Bank of Canada	Unstated	741,869,671
16. Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements	25,000,000	(1) 12,976,000
17. Insured loans made by approved lenders under the National Housing Act, 1954	6,000,000,000	(2) 4,123,000,000
18. Insurance guarantees and long-term financing contracted or approved under section 21 and 21A of the Export Credits Insurance Act	700,000,000	333,645,786
19. Loans made by chartered banks under the Farm Improvement Loans Act	Indeterminate	(1) 47,966,702
20. Loans made by chartered banks under the Veterans' Business and Professional Loans Act	Indeterminate	(1) 71,952
21. Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act	Indeterminate	(1) 154,275
22. Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1956	Indeterminate	14,214
23. Loans made by chartered banks under the Prairie Grain Loans Act	Indeterminate	1,773
24. Loans made by chartered banks under the Small Businesses Loans Act	30,000,000	(1) 5,564,559
25. Loans made by chartered banks to the Canadian Wheat Board	180,000,000	80,331,172
26. Loans made by chartered banks to the Canadian Wheat Board pursuant to the Prairie Grain Provisional Payments Act	Unstated	3,396
27. Loans made by chartered banks under the Prairie Grain Advance Payments Act	Unstated	7,245,127
		5,352,844,627
28. Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Unstated	Indeterminate
29. Guarantees to owners of returns from moderate rental housing projects (3)	Unstated	Indeterminate

(1) As at December 31, 1962.

(2) As reported (in accordance with Sec. 45, National Housing Regulations) by approved lenders at December 31, 1962.

(3) Funds totalling $3,872,193 are held by Central Mortgage and Housing Corporation for the purpose of settling claims. In 1962 rental guarantee contracts totalled $15,006,000.

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

ANNUAL CHANGES IN LOANS AND INVESTMENTS

UNMATURED DEBT

28902-5—74

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS
(in millions of dollars)

—	1958–59	1959–60	1960–61	1961–62	1962–63 (preliminary)
	$	$	$	$	$
TAX REVENUES					
Income tax—					
Personal[1]	1,353.5	1,566.6	1,711.2	1,792.7	1,745.0
Corporation[1]	1,020.6	1,142.9	1,276.6	1,202.0	1,183.0
On dividends, interest, etc., going abroad	61.2	73.4	88.2	112.3	129.0
	2,435.3	*2,782.9*	*3,076.0*	*3,107.0*	*3,057.0*
Excise taxes—					
Sales tax[1] [2]	694.5	732.7	720.6	759.7	806.0
Other excise taxes—					
Automobiles	59.3	64.3	59.6	25.3	[3]
Cigarettes, tobacco and cigars	148.0	185.5	193.7	207.6	216.6
Electric power export	1.2	1.3	1.6	1.0	0.5
Jewellery, watches, ornaments, etc.	5.6	5.6	5.9	5.6	6.1
Matches and lighters	0.9	0.8	0.8	1.1	1.1
Television sets, radios, tubes and phonographs	17.8	17.8	15.9	18.4	20.2
Toilet preparations	6.8	7.7	8.4	9.4	10.2
Wines	3.1	3.0	3.2	3.3	3.7
Sundry commodities	1.2	1.2	1.1	1.1	1.5
Interest and penalties	0.5	0.6	0.8	0.7	0.5
Less refunds	−2.6	−0.4	−0.3	−11.0	−0.4
	241.8	*287.4*	*290.7*	*262.5*	*260.0*
Customs import duties	486.5	525.7	498.7	534.5	645.0
Excise duties—					
Spirits	96.5	102.4	108.5	114.1	122.0
Beer	83.1	90.7	91.0	92.7	98.6
Cigarettes, tobacco and cigars	141.2	146.2	149.6	160.5	165.7
Licences	[3]	[3]	[3]	[3]	[3]
Less refunds	−4.1	−4.1	−4.2	−4.5	−4.3
	316.7	*335.2*	*344.9*	*362.8*	*382.0*
Estate tax[4]	72.6	88.4	84.9	84.6	87.0
Miscellaneous tax revenues	[3]	[3]	[3]	0.1	0.1
Total tax revenues	4,247.4	4,752.3	5,015.8	5,111.2	5,237.1
NON-TAX REVENUES					
Return on investments	221.2	239.7	283.8	307.5	311.0
Post office—net postal revenue	157.5	167.6	173.6	183.7	193.0
Other	128.6	130.2	144.5	127.2	135.0
Total non-tax revenues	507.3	537.5	601.9	618.4	639.0
Total revenues	4,754.7	5,289.8	5,617.7	5,729.6	5,876.1

[1] Excluding tax credited to the old age security fund—

	1958–59	1959–60	1960–61	1961–62	1962–63 (preliminary)
Personal income tax	146.4	185.6	229.4	259.0	273.6
Corporation income tax	55.3	91.3	103.5	100.1	115.3
Sales tax	173.6	270.0	270.2	284.9	302.2

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.
[3] Less than $50,000.
[4] Includes duties levied under the Dominion Succession Duty Act.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1958–59	1959–60	1960–61	1961–62	1962–63 (preliminary)
	$	$	$	$	$
AGRICULTURE—					
Administration and general	3.6	3.6	4.4	4.8	4.8
Agricultural commodities stabilization account—net operating loss	15.0	57.7	53.4	22.0	72.0
Agricultural products board account—net operating loss				4.9	0.6
Assistance re storage costs of grain	38.4	42.3	48.2	48.8	35.3
Board of Grain Commissioners	6.1	6.1	6.3	6.5	6.2
Prairie farm emergency fund—deficit	17.0	12.5	9.2	47.7	7.3
Production and marketing branch	23.2	25.4	29.3	33.9	32.5
Contributions to Alberta, Saskatchewan and Manitoba—unharvested crops		4.7	1.4		
Payments to western grain producers	41.3		40.5	40.1	0.1
Freight assistance on western feed grains	20.0	23.8	19.2	17.5	14.4
Premium on hog and lamb carcasses	6.9	8.2	6.6	7.6	5.9
Rehabilitation and reclamation projects	13.5	17.6	20.2	26.1	28.4
Research branch	23.6	25.6	26.2	26.8	26.7
	208.6	*227.5*	*264.9*	*286.7*	*234.2*
ATOMIC ENERGY	26.1	30.1	38.9	34.7	63.2
AUDITOR GENERAL'S OFFICE	0.8	0.9	0.9	1.1	1.2
BOARD OF BROADCAST GOVERNORS	0.1	0.2	0.3	0.3	0.4
CANADIAN BROADCASTING CORPORATION—					
Grants toward the anticipated operating deficit and capital expenditures of the radio broadcasting and television services	50.3	61.9	64.9	76.5	79.0
International service	1.9	2.0	1.9	1.7	1.8
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	9.8				
	62.0	*63.9*	*66.8*	*78.2*	*80.8*
OFFICE OF THE CHIEF ELECTORAL OFFICER	3.2	0.3	0.6	0.4	11.8
CITIZENSHIP AND IMMIGRATION—					
Administration and general	2.1	2.1	2.4	2.6	2.8
Immigration branch	14.4	11.7	12.3	12.0	12.5
Indian affairs branch	36.4	41.1	46.4	50.4	50.9
	52.9	*54.9*	*61.1*	*65.0*	*66.2*
CIVIL SERVICE COMMISSION	3.5	3.7	4.2	4.7	4.8
DEFENCE PRODUCTION—					
Administration and general	12.1	15.0	18.6	22.0	27.6
Production capacity and capital assistance to defence industry	1.8	2.6	1.8	1.9	1.9
	13.9	*17.6*	*20.4*	*23.9*	*29.5*
EXTERNAL AFFAIRS—					
Administration and general	30.7	36.5	35.6	28.9	23.2
External aid	35.5	50.6	55.8	53.9	46.3
Representation abroad	9.6	10.1	11.6	12.8	15.1
	75.8	*97.2*	*103.0*	*95.6*	*84.6*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1958–59	1959–60	1960–61	1961–62	1962–63 (preliminary)
	$	$	$	$	$
FINANCE—					
Administration and general	10.2	10.8	19.9	19.5	21.6
Office of the Comptroller of the Treasury	17.9	18.2	19.8	21.3	22.7
Grants to municipalities in lieu of taxes on federal property	21.9	22.5	24.5	24.7	29.0
Grants to universities	25.5	26.1	19.0	19.4	26.3
Government's contribution with respect to the public service superannuation account	37.7	40.0	41.4	46.9	51.1
Payments to provinces—					
Statutory subsidies	20.6	20.8	20.7	23.5	23.5
Tax-sharing arrangements, 1956 act	423.1	485.4	504.9	503.3	23.8
Fiscal arrangements, 1961 act					218.2
Transfer of certain public utility tax receipts	8.7	4.8	4.2	6.4	10.0
Transitional grant to Newfoundland	1.0	0.7	0.3		
Additional grants to Newfoundland	13.6	7.3	7.7	8.0	
Premium, discount and exchange		0.2			9.8
Public debt charges—					
Interest on public debt	606.6	735.6	756.7	802.9	882.0
Cost of issuing new loans and annual amortization of bond discounts and commissions	40.8	47.3	40.2	35.3	34.4
Servicing of public debt	0.6	0.5	0.7	0.8	1.6
	1,228.2	*1,420.2*	*1,460.0*	*1,512.0*	*1,354.0*
FISHERIES	17.5	19.9	19.2	23.1	23.2
FORESTRY	9.8	9.9	10.1	14.7	16.3
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	0.4	0.4	0.4	0.5	0.5
INSURANCE	1.2	1.2	1.3	1.4	1.4
JUSTICE—					
Administration and general	7.6	8.1	8.6	9.5	10.0
Office of the Commissioner of Penitentiaries	16.7	19.7	19.1	23.1	24.0
	24.3	*27.8*	*27.7*	*32.6*	*34.0*
LABOUR—					
Administration and general	6.5	12.9	15.6	31.6	35.7
Government annuities—amount required to maintain reserve	0.2	0.2			
Technical and vocational training assistance payments to provinces	7.7	8.2	8.5	35.7	207.0
Unemployment Insurance Commission—					
Administration and general	35.3	35.9	42.1	46.0	48.1
Government's contribution	37.1	45.7	55.1	55.6	57.4
	86.8	*102.9*	*121.3*	*168.9*	*348.2*
LEGISLATION—					
House of Commons	5.6	5.6	6.3	6.2	6.2
Library of Parliament	0.3	0.3	0.3	0.3	0.3
Senate	1.7	1.8	1.9	1.9	1.8
	7.6	*7.7*	*8.5*	*8.4*	*8.3*
MINES AND TECHNICAL SURVEYS—					
Administration and general	22.7	23.7	27.7	35.3	35.5
Dominion Coal Board	11.3	17.6	19.3	19.9	20.5
Emergency gold mining assistance	9.8	13.1	12.1	12.4	15.2
	43.8	*54.4*	*59.1*	*67.6*	*71.2*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1958-59	1959-60	1960-61	1961-62	1962-63 (preliminary)
	$	$	$	$	$
NATIONAL DEFENCE—					
Defence forces, army, naval and air services	1,222.7	1,397.1	1,406.0	1,502.8	1,430.8
Defence research and development	74.4	39.2	41.9	40.4	41.7
Government's contributions with respect to Canadian forces superannuation account	49.5	51.8	40.5	56.0	58.1
Mutual aid to NATO countries	70.7	18.4	14.6	11.1	25.0
Pensions—payments under Defence Services Pension Act	6.0	6.3	6.7	7.3	7.6
Other	2.4	3.8	7.8	8.5	9.7
	1,425.7	*1,516.6*	*1,517.5*	*1,626.1*	*1,572.9*
NATIONAL FILM BOARD	4.3	4.6	4.9	5.1	5.6
NATIONAL GALLERY OF CANADA	0.6	0.7	0.9	1.0	1.0
NATIONAL HEALTH AND WELFARE—					
Administration and general	4.6	4.5	5.1	5.6	6.2
National health branch—					
General health grants and hospital construction grants	45.9	46.0	48.0	49.0	51.0
Government's contributions under the Hospital Insurance and Diagnostic Services Act	54.7	150.6	189.4	283.9	336.8
Indian and northern health services	22.1	21.5	23.0	24.0	24.7
Other	9.1	9.1	9.4	10.1	10.7
Welfare branch—					
Family allowances	474.8	491.2	506.2	520.8	531.6
Fitness and amateur sport payments				0.2	1.0
Old age assistance, blind persons and disabled persons allowances	49.7	50.6	51.3	51.4	62.8
Old age security fund—deficit	184.0				
Unemployment assistance	23.9	40.2	51.5	92.0	96.0
Other	3.1	3.0	3.3	3.3	2.4
	871.9	*816.7*	*887.2*	*1,040.3*	*1,123.2*
NATIONAL RESEARCH COUNCIL, including the Medical Research Council	25.4	31.5	34.4	38.8	41.3
NATIONAL REVENUE	68.8	68.7	73.3	75.3	78.6
NORTHERN AFFAIRS AND NATIONAL RESOURCES	58.0	74.3	74.3	82.3	90.3
POST OFFICE	157.8	165.8	178.4	185.0	189.3
PRIVY COUNCIL, including Prime Minister's Office	1.1	1.4	1.9	4.5	5.0
PUBLIC ARCHIVES AND NATIONAL LIBRARY	0.7	0.7	0.8	1.0	1.0
PUBLIC PRINTING AND STATIONERY	3.5	3.5	3.5	4.0	4.0
PUBLIC WORKS—					
Administration and general	170.1	158.5	145.9	138.5	125.3
National Capital Commission	4.9	6.2	6.3	8.7	13.8
Trans-Canada highway contributions	51.1	53.2	48.7	41.6	35.9
	226.1	*217.9*	*200.9*	*188.8*	*175.0*
ROYAL CANADIAN MOUNTED POLICE	51.7	52.4	56.0	60.5	65.5
SECRETARY OF STATE	4.4	4.7	4.9	5.0	4.8
TRADE AND COMMERCE—					
Administration and general	19.9	17.7	21.4	39.0	26.5
National Energy Board		0.2	0.4	0.5	0.5
	19.9	*17.9*	*21.8*	*39.5*	*27.0*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

——	1958-59	1959-60	1960-61	1961-62	1962-63 (preliminary)
	$	$	$	$	$
TRANSPORT—					
Administration and general	4.0	4.6	5.0	8.4	10.7
Air services	115.4	124.1	133.9	150.0	136.3
Canadian Maritime Commission	5.9	6.7	6.9	10.2	31.0
Marine services	61.5	59.1	49.1	48.6	55.0
Non-active assets—					
National Harbours Board	4.3	2.0	0.6	4.9	5.2
Railway and steamship services	1.8	3.7	6.2	5.9	15.8
Deficits—					
Canadian National Railways	51.6	43.6	67.5	67.3	48.9
Canadian National (West Indies) Steamships Ltd.	1.2				
North Sydney—Port aux Basques ferry and terminals	5.8	5.8	5.4	7.3	8.2
Prince Edward Island car ferry and terminals	2.0	2.6	2.6	3.0	3.3
Yarmouth—Bar Harbour ferry service	0.2	0.2	0.1	0.1	0.2
Freight Rates Reduction Act		7.8	20.4	19.0	36.7
Interim payments related to the recommendations of the Royal Commission on Railway Problems				50.0	50.0
Maintenance of trackage	7.0	7.0	7.0	7.0	7.0
Maritime Freight Rates Act	13.1	14.3	14.1	12.2	12.9
Contribution to the railway grade crossing fund	15.0	15.0	15.0	10.0	5.7
Trans-Canada Air Lines—deficit			2.6	6.5	3.5
	288.8	*296.5*	*336.4*	*410.4*	*430.4*
VETERANS AFFAIRS—					
Administration and general	6.3	6.4	6.7	6.8	6.8
Hospital accommodation, additions, alterations and improvements	3.3	4.5	6.1	4.9	2.2
Pensions	150.7	149.7	150.7	177.9	175.9
Provision for reserve for conditional benefits	4.4	3.8	3.4	3.3	3.2
Soldier settlement and veterans land acts	5.4	5.2	5.2	4.6	4.6
Treatment and welfare services	56.1	52.6	52.6	52.0	53.9
Veterans allowances, treatment allowances and other benefits	60.4	63.2	64.7	81.7	88.7
War service gratuities and re-establishment credits	2.2	2.9	2.9	2.0	1.1
	288.3	*288.3*	*292.3*	*333.2*	*336.4*
TOTAL EXPENDITURES	5,364.0	5,702.9	5,958.1	6,520.6	6,585.1

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

——	1958–59	1959–60	1960–61	1961–62	1962–63 (preliminary)
	$	$	$	$	$
Loans to, and investment in, Crown corporations—					
Atomic Energy of Canada Limited	2.7	0.6	1.5	4.9	−12.5
Canadian Broadcasting Corporation	−27.0		3.0		
Canadian Commercial Corporation		2.0	1.0	3.0	−0.5
Canadian National Railways	199.5	−261.4	−116.5	72.3	274.7
Canadian National (West Indies) Steamships Limited	−0.3	−0.2	−1.0	−0.7	−0.6
Canadian Overseas Telecommunication Corporation	0.3	9.6	9.1	6.2	12.3
Central Mortgage and Housing Corporation	335.6	315.1	192.0	190.3	96.5
Export Credits Insurance Corporation				5.2	20.0
Farm Credit Corporation	22.0	28.5	40.1	54.2	59.0
National Capital Commission	5.0	10.7	7.4	6.2	9.4
National Harbours Board	20.2	15.8	11.4	6.0	13.9
Northern Canada Power Commission	6.2	5.0	0.9	−0.3	−7.2
Northern Ontario Pipe Line Crown Corporation	42.8	8.0	2.2	−4.7	−7.5
The St. Lawrence Seaway Authority	(1)106.1	(1)33.1	24.0	(1)28.3	(1)22.7
Trans-Canada Air Lines	2.5	1.0	1.3	0.2	−0.4
Other		−0.1	0.1		
	715.6	*167.7*	*176.5*	*371.1*	*479.8*
Loans to national governments—					
United Kingdom—					
The War Appropriation (U.K. Financing) Act, 1942	−22.5				
The United Kingdom Financial Agreement Act, 1946	−16.1	−16.4	−16.7	−17.1	−17.4
Export Credits Insurance Act	−17.9	−17.9	−15.2	−15.3	−105.9
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	18.3	0.5	−3.5	−5.0	−5.1
Other	−0.8	−0.6	−0.9	−1.0	−0.7
	−39.0	*−34.4*	*−36.3*	*−38.4*	*−129.1*
Other loans and investments—					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	−2.6	235.4	15.0	21.0	12.6
International bank for reconstruction and development			2.8		6.8
International development association			8.5	7.9	8.5
Working capital advances and loans to international organizations		−0.1	−0.3	−0.1	6.2
Loans to provincial governments(2)	(3)26.6	1.9	−1.1	−0.5	2.1
Provincial tax collection agreements—advances					10.3
Balances receivable under agreements of sale of Crown assets	−2.9	−3.1	−3.9	−1.5	−2.3
Old age security fund		28.0	−10.7	−17.3	41.0
Unemployment Insurance Commission			67.0	−67.0	
Veterans land act advances	−3.0	0.6	14.5	11.3	18.2
Other	3.4	−3.4	0.4	4.4	8.1
	21.5	*259.3*	*92.2*	*−41.8*	*111.5*
Net total of changes in loans and investments	698.1	392.6	232.4	290.9	462.2

(1) Includes deferred interest.

(2) Includes advances to Nova Scotia and New Brunswick pursuant to the Atlantic Provinces Power Development Act.

(3) Loan of $29.5 million to New Brunswick in respect of the Beechwood Power Project offset in part by repayments of $4 million on other loans.

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1963 AND THE ANNUAL INTEREST THEREON

—		Date of maturity	Rate per cent	Amount of loan	Annual interest
				$	$
Payable in Canada—					
Loan of 1960	T. 37	1963 Apr. 1	5½	12,802,000	704,110
Loan of 1961 and 1962	AT.10	Apr. 1	2¾	300,000,000	8,250,000
Loan of 1961	AT. 7	June 1	2¾	275,000,000	7,562,500
Canada savings bonds 1952	S. 7	Aug. 1	3½	(1)19,203,050	720,114
Eighth victory loan	P. 5	Oct. 1	3	223,020,200	6,690,606
Loan of 1960	T. 42	Dec. 15	4	300,000,000	12,000,000
Loan of 1963	AT.18	1964 Feb. 1	3¼	125,000,000	4,062,500
Loan of 1961	AT. 1	May 1	4	360,000,000	14,400,000
Loan of 1961	AT. 8	Oct. 1	3¼	250,000,000	8,125,000
Loan of 1961	AT. 5	Dec. 1	4	240,000,000	9,600,000
Loan of 1962	AT.17	1965 Feb. 1	3½	350,000,000	12,250,000
Loan of 1962	AT.15	Apr. 1	4¼	50,000,000	2,125,000
Conversion loan 1958	T. 27	Sept. 1	3¾	1,265,890,600	47,470,898
Canada savings bonds 1953	S. 8	Nov. 1	3¾	(1)64,399,400	2,414,978
Loan of 1963	AT.19	1966 Feb. 1	3½	225,000,000	7,875,000
Ninth victory loan	P. 7	Sept. 1	3	245,202,200	7,356,066
Canada savings bonds 1954	S. 9	Nov. 1	3¼	(1)39,400,150	1,280,505
Loan of 1961	AT. 6	Dec. 15	4½	175,000,000	7,875,000
Loan of 1961	AT. 9	1967 June 1	4¼	100,000,000	4,250,000
Loan of 1962	AT.12	Oct. 1	3¾	100,000,000	3,750,000
Canada savings bonds 1955	S. 10	Nov. 1	3¼	(1)37,963,800	1,233,824
Loan of 1961	AT.11	1968 Jan. 15	4½	250,000,000	10,625,000
Refunding loan 1950	P. 9	June 15	2¾	308,581,000	8,485,978
Canada savings bonds 1959	S. 14	Nov. 1	5	(1)1,028,554,750	51,427,738
Loan of 1962	AT.16	1969 Apr. 1	5½	100,000,000	5,500,000
Loan of 1960	T. 39	Apr. 1	5½	80,000,000	4,400,000
Canada savings bonds 1956	S. 11	May 1	4	66,215,950	2,648,638
Loan of 1962	AT.13	Oct. 1	5½	80,000,000	4,400,000
Loan of 1958	T. 24	1970 May 1	3½	200,000,000	7,000,000
Canada savings bonds 1957	S. 12	Nov. 1	4¾	(1)503,900,350	23,935,267
Canada savings bonds 1960	S. 15	Nov. 1	4½	(1)513,630,100	23,113,355
Canada savings bonds 1961	S. 16	1971 Nov. 1	4½	(1)514,276,500	23,142,443
Conversion loan of 1958	T. 28	1972 Sept. 1	4½	1,267,203,100	53,856,132
Canada savings bonds 1958	S. 13	1973 Nov. 1	4¼	(1)160,807,200	6,834,306
Loan of 1959	T. 36	1975 Oct. 1	5½	310,361,000	17,069,855
Loan of 1960	T. 38	1976 Apr. 1	5½	436,198,000	23,990,890
Loan of 1954	T. 11	June 1	3¼	247,046,500	8,029,011
Canada savings bonds 1962	S. 17	Nov. 1	4½	(1)1,633,808,950	73,521,403
Loan of 1953 and 1958	T. 5	1978 Jan. 15	3¾	207,911,500	7,796,681
Loan of 1954	T. 13	1979 Oct. 1	3¼	343,246,500	11,155,511
Loan of 1962	AT.14	1980 Aug. 1	5½	120,000,000	6,600,000
Conversion loan 1958	T. 29	1983 Sept. 1	4½	1,992,679,450	89,670,575
Conversion loan 1956	T. 15	1998 Mar. 15	3¾	197,045,000	7,389,188
Loan of 1936	P. 1	Perpetual	3	55,000,000	1,650,000
Three-month treasury bills			(2)3.62	1,310,000,000	48,710,000
Various (123 to 158 days) treasury bills			3.71	30,000,000	1,113,000
Six-month treasury bills			(2)3.74	740,000,000	29,790,500
366-day treasury bills			5.69	85,000,000	4,836,500
Special non-marketable bonds (U.I.C.)			5⅛	11,500,000	589,375
				17,550,847,250	727,277,447
Payable in London—					
Loan of 1933 and 1934		1963 July 1	3	(3)32,445,301	973,359
Loan of 1938		July 1	3¼	(3)2,138,751	69,509
				34,584,052	1,042,868
Payable in New York—					
Loan of 1949		1974 Sept. 1	2¾	(4)65,087,502	1,789,906
Loan of 1950		1975 Sept. 15	2¾	(4)41,047,527	1,128,807
Loan of 1962		1987 Oct. 15	5	(4)270,270,000	13,513,500
				376,405,029	16,432,213
				17,961,836,331	744,752,528

NOTE: Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1963 has been used.

(1) Preliminary.

(2) Rate of discount at tender on March 28, 1963.

(3) Conversion rate $3.027 = £1.

(4) Conversion rate $1.08108 Can = $1 U.S.

HOUSE OF COMMONS

Friday, June 14, 1963

The house met at 11 a.m.

HOUSE OF COMMONS

DELAY IN DELIVERY OF "HANSARD" AND "VOTES AND PROCEEDINGS"

(Translation):

M. l'Orateur: A l'ordre. Je dois informer la Chambre que les copies du compte rendu officiel ainsi que celles des Procès-verbaux relativement à la séance d'hier n'ont pu être livrées à temps aux honorables députés pour l'ouverture de la séance de ce matin. Ce retard est attribuable, en partie, au travail énorme suscité par l'impression, au cours de la nuit, de l'exposé budgétaire. On m'a informé que l'on fait tout en son possible afin de distribuer ces copies le plus tôt possible aux honorables députés.

(Text):

I must inform the house that copies of yesterday's *Hansard* and *Votes and Proceedings* are not available for distribution to hon. members at this time. The delay in delivery of these publications was caused in part by the additional budget material which had to be printed overnight.

Everything possible is being done to expedite delivery of the publications, and they will be distributed to hon. members as soon as possible.

Hon. Gordon Churchill (Winnipeg South Centre): I think hon. members appreciate the fact that you are giving information to the house, Mr. Speaker, with regard to the failure of *Hansard* to be supplied to us at the opening of the sitting. As I understand it, the responsibility of the Speaker and his staff applies only to the distribution of *Hansard* when it is received. The responsibility for getting it printed rests with the Secretary of State, who answers for the printing bureau. This mismanagement should, I think, be drawn to his attention and to the attention of all hon. members.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am sure both the house and the country will treat these observations with precisely the consideration they deserve.

[*Later:*]

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I would like to direct a question to the Secretary of State. I do so because, being a printer, I am always a bit sensitive when printers are blamed for delays in printing. In view of the statement Your Honour made that the delay in our receiving documents today was due in part to the budget items, could the Secretary of State say whether there were any other particular reasons for this delay?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am informed that two hon. members—and I would prefer not to designate who they are—gave notice of something over 100 questions to be put on *Votes and Proceedings* last evening; that this necessitated the staff of the house working all night, and delayed the arrival at the printers of the material necessary for the printing to be done. I think all hon. members will realize that the printers do a wonderful job in producing for us, even though we sometimes sit after ten o'clock, the various papers that are necessary for the proper functioning of this parliament the next day.

I am afraid, sir, that if this practice of putting 100 questions at a time on the order paper is continued it is likely to make a mockery of parliament—

Mr. Bell: You started it.

Mr. Pickersgill: —and I would hope in the circumstances that there might be a possibility, if I can have some consultation later today with hon. gentlemen opposite who represent their parties, of reaching an understanding about the early setting up of the Speaker's committee on procedure, which seems more necessary than ever in view of this rather unexpected and, I think, unfortunate development.

PRIVILEGE

MR. NOWLAN—REFERENCE TO REMARK IN DEBATE LAST EVENING

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I rise on a question of personal privilege, for the first time in 14 years. Last night during the course of some free wheeling remarks following the budget speech of the Minister of Finance I used the word, so I am told, "crook" or "crooked" or "crooks". Not having *Hansard* in front of me and not having seen my blues last night I am not certain which it was. In any event it was contrary to the rules, and I assure the house that it was entirely inadvertent. It

had no personal application to any individual, group or party, and I wish to withdraw it completely at this time.

WORLD FAIR

STATEMENT TO BE MADE BY MINISTER ON MONDAY

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, some time last week the hon. member for Port Arthur asked me to make a statement on the world fair. I told him I would be ready to make a statement today but since the hon. member is not in his seat I think I will postpone it until Monday.

ROYAL CANADIAN AIR FORCE

EDMONTON—REPORTED INTENTION TO DIVERT OVERHAUL WORK

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to direct a question to the Minister of Defence Production. Is any consideration being given by the minister or by officials of his department in conjunction with officials of the Department of National Defence to diverting any or all overhaul work on R.C.A.F. aircraft from the strikebound plant of Northwest Industries at Edmonton, the possibility of which move is attributed to R.C.A.F. officials in today's press reports?

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, I regret to say I am not familiar with the details of this particular report. However, I will take the question as notice and provide an answer on Monday.

HOUSING

LOANS IN COMMUNITIES WITHOUT SEWAGE SYSTEMS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the very sympathetic and humane Minister of National Revenue. In view of the fact that many persons resident in villages and unincorporated communities without sewage systems and with little possibility of any being built for years to come are denied the opportunity to build under the present National Housing Act regulations, would the minister give consideration to modification of the present regulations to provide for loans under the act to the many thousands at present denied this opportunity?

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, just before coming into the house I received notice of the hon. member's intention to ask this question at this time. I do not think I can accept his interpretation of the present regulations. C.M.H.C. is in fact lending in rural and remote areas on single family dwellings where septic tanks are installed, but we are not approving any loans for such subdivisions for the obvious reason of the danger of contamination.

[Mr. Nowlan.]

WILL SALES TAX ON BUILDING MATERIALS EXCEED AMOUNT OF INCENTIVE BONUS?

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of Labour which I believe is urgent in so far as the purchasers of homes are concerned. Will the 11 per cent sales tax on building materials imposed by the budget, and made effective immediately, exceed the sum of $500 which has been offered as an incentive, if one considers the average value of a home to be $13,000?

Hon. A. J. MacEachen (Minister of Labour): Since the announcement in the budget address last night I have not had an opportunity to make the precise calculation that would allow me to answer this question.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is it the government's intention to announce a policy in this house before rising for the recess to the effect that it is turning away from the Lamontagne theory of centralization back to the spirit of confederation? I ask this question in view of the provinces' disquiet over the disheartening federal-provincial relations section of the budget last night.

Some hon. Members: Order.

An hon. Member: Kindergarten class.

LABOUR CONDITIONS

WINTER WORKS—EXTENSION OF TIME PERIOD

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of Labour. In view of the very strong protests voiced by the mayor of Ottawa and other municipal authorities that the recent decision to shorten the winter works incentive program is seriously disrupting the works programs of the municipalities, would the minister say whether the government is giving any consideration to re-extending the period.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I wish to tell the hon. member that I have not personally been made aware of the representations he has in mind. In direct answer to his question I may say that since the announcement on Monday no consideration has been given to changing the time period for this program.

MR. PEARSON—IDENTIFICATION OF ORDER IN COUNCIL REFFERED TO IN DEBATE

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the hon. member for Digby-Annapolis-Kings asked me on Wednesday if I could give him a reference to the order in council which I mentioned had not been passed until four months after the policy concerning it had been announced in the House of Commons.

I was referring to an amendment to the income tax regulations made on April 20, 1961, P.C. 1961-579, which was published in part II of the Canada Gazette dated May 10, page 638. It was the first of a series of designations of surplus manpower areas for the purpose of income tax. The announcement of the policy to be followed was made on December 20, precisely four months before the order was passed. The announcement appears in *Hansard* on page 1007, December 20, 1960.

I hope this information will save the hon. gentleman having to put his question on the order paper as I suggested at that time he might do.

(Translation):

BRIDGES

MONTREAL—ASSISTANCE IN CONSTRUCTION OF NEW BRIDGE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the distinguished Minister of Public Works.

Has the minister received from the Quebec government a request of assistance for the construction of a bridge over the St. Lawrence, east of the Jacques Cartier bridge?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, before a province may proceed with the construction of a bridge over navigable waters, it must ask the federal parliament to pass legislation in that respect. Such a request has been received from the Quebec government, a bill has been prepared and is now under consideration in the Senate. As soon as it has been passed upon by the other place, it will be introduced in the house where hon. members will have the opportunity to examine it.

(Text):

GRAIN

WHEAT—REQUEST FOR ASSURANCE OF PAYMENT OF $2 PER BUSHEL

On the orders of the day:

Mr. J. H. Horner (Acadia): As a result of the remarks made in the budget speech concerning the honest campaign carried out by the present government, can the Prime Minister assure western farmers that they will be receiving $2 per bushel for their wheat?

Right Hon. L. B. Pearson (Prime Minister): This is a matter of government policy, Mr. Speaker. Indeed, this particular aspect of government policy was strongly opposed by my hon. friend who has just spoken, and the policy on the matter will be announced in due course.

Mr. Horner (Acadia): Seven more days.

NORTHERN AFFAIRS

INQUIRY AS TO SECRETARY OF RESOURCE MINISTERS COUNCIL

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): In response to an early question of mine the Minister of Northern Affairs and National Resources indicated that following June 10 he would have some further information concerning the setting-up of the resources ministers council. My question is, is the minister now in a position to give this information to the house?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I can give some additional information. As the former minister knows a decision had been taken, in order to develop something permanent out of the council, to establish a secretariat in the city of Montreal and to appoint a secretary general as soon as possible. On June 10 in Montreal I met with Hon. Mr. Lévesque, minister of natural resources for Quebec and Hon. J. W. Spooner, who is the minister for Ontario. The three of us composed the executive of the resources council. We were informed that the committee we had appointed to make recommendations in respect of the appointment of a secretary general had reduced the number of applicants to four, one of whom we were privileged to meet during our visit. I understand that a definite appointment will be made by the committee one week from today.

Inquiries of the Ministry

CONSERVATION AND DEVELOPMENT OF NATURAL RESOURCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources in a somewhat more hopeful mood. In view of press reports that the present administration is supporting the germination of an idea that was part of the celebrated vision of the former prime minister, namely a national program for the conservation and development of natural resources, can the minister inform the house what action the government is taking to continue the program commenced by the former government?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I just love to reply to my hon. friend from Kootenay West, but I think substantially the answer is contained in the answer I gave to the former minister. We shall be setting up, as soon as we can, a secretariat in the city of Montreal, and a general council will be held this fall when we hope to have an agenda of interest dealing with the permanent development and conservation of resources in Canada, a subject to which my hon. friend has made a great contribution in the past.

(Translation):

QUEBEC—ADMINISTRATION OF EDUCATION FOR ESKIMOS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put to the parliamentary secretary to the Minister of Northern Affairs and National Resources a question relating to the reply he gave me recently.

Could the parliamentary secretary tell the house whether the federal government, through its department, has decided to turn over the education of northern Quebec Eskimos to the Quebec provincial government, following the conversation he had with Mr. Rene Levesque during a banquet held recently in Montreal?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I believe I am authorized by the Minister of Northern Affairs and National Resources to answer this question which follows an earlier one put to me by the hon. member.

The hon. member is well aware that both governments are holding negotiations at the present time respecting the education of Eskimos, and that my minister, accompanied by the Minister of Citizenship and Immigration, will meet shortly with Mr. Rene Levesque and one of his colleagues, to discuss the matter concerning northern Quebec.

(Text):

IMMIGRATION

RETURN OF DOCUMENTS FOLLOWING CHINESE INVESTIGATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, on June 5 I asked the Minister of Citizenship and Immigration about the return of documents, such as passports and the like, to people of Chinese origin, which documents had been taken from them by the Royal Canadian Mounted Police. I asked the minister to look into that particular question and take steps to see the documents were returned to the people concerned. Has the minister anything to indicate to us at this stage?

Hon. Guy Favreau (Minister of Citizenship and Immigration): I will be able to report on that matter on Monday, Mr. Speaker.

ADMINISTRATION OF JUSTICE

REPRESENTATION BY UNIVERSITY PROFESSORS RESPECTING SECURITY INVESTIGATIONS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Justice. Has the minister received a request for an interview from the Canadian association of university teachers to discuss the activities of the R.C.M.P. on university campuses? If so, has the minister agreed to meet that organization, and when will the meeting be held?

Hon. Lionel Chevrier (Minister of Justice): I answered that question yesterday, Mr. Speaker, but I will repeat the answer. I did receive an invitation and I suggested a date, but unfortunately an interview could not be arranged on that date because of circumstances over which neither I nor the association had any control. I hope it will be possible to arrange a satisfactory meeting at a later date.

(Translation):

POWER

COLUMBIA RIVER—REQUEST FOR DETAILS OF DRAFT AGREEMENT

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he can disclose to the house the changes agreed

upon by the government of British Columbia concerning the Columbia treaty, as was mentioned in the newspapers this morning?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I did not have time to look into that article but I shall do so and reply Monday.

(Text):

COLUMBIA RIVER—REPORTED ACCEPTANCE BY B.C. GOVERNMENT OF DRAFT AGREEMENT

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the published reports that the premier of British Columbia announced in Nelson that his government had accepted the terms of a proposed draft agreement between the government of British Columbia and the federal government, could the Secretary of State for External Affairs inform the house whether the federal government has accepted the terms of this draft agreement; and if so, could he tell us when he will be able to announce its details to the house?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I cannot comment on the published reports to which my hon. friend has directed my attention. I have not seen them. I can say, however, that the federal government has been considering the subject of our discussions of a few days ago when the premier of British Columbia and his colleagues were in Ottawa. The point of view of the federal government will be relayed to the premier of British Columbia and we hope that satisfactory progress in this matter will be made.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. May I ask the Secretary of State for External Affairs whether the premier of British Columbia has indicated to the government of Canada the acceptance by his government of the draft proposals which he took back with him after the discussions of last week.

Mr. Martin (Essex East): Negotiations are under way between the two governments. I think in the interests of the successful conclusion of those negotiations the hon. gentleman will agree that, while I should report the end result, it would not be desirable that I should give a running account which might interfere with the successful conclusion we all have in mind. I might say, for my hon. friend's benefit, that I hope to be talking on the telephone to the premier of British Columbia some time today.

[*Later:*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Public Works which is prompted by the questions already asked dealing with the agreement between the province of British Columbia and the government. Has the minister any knowledge of an official application made by the province of British Columbia or any agency or authority of that government under the Navigable Waters Protection Act for leave to proceed with the Peace river dam project?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I will have to inquire and I will answer this question on Monday.

Mr. Baldwin: Might I ask a supplementary question. If any such application is received, will the minister assure the house that despite any commitment which might have been made by his government there will be an ample opportunity for the many thousands of residents who live downstream from this proposed project to make representations to the government with respect to this scheme?

Mr. Deschatelets: This supplementary question, Mr. Speaker, is hypothetical. I am going to inquire and on Monday I will answer both these questions.

REPORT ON STUDIES OF LONG DISTANCE TRANSMISSION

On the orders of the day:

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, on Thursday of last week the hon. member for Qu'Appelle asked me if I would make a statement on the current studies with respect to long distance power transmission.

As the hon. member is aware, about a year ago a federal-provincial working committee recommended a two stage approach to the study of long distance transmission interconnections across Canada. The first stage would consist of an assessment of the problem and would indicate the lines along which solutions should be sought, the terms of reference for subsequent detailed studies, and a time schedule. The second stage would consist of the detailed analysis of all the technical and economic factors involved in a series of interconnections.

Accordingly, early this year an agreement was reached between the federal-provincial working committee and H. G. Acres and Company of Niagara Falls to undertake the preliminary studies envisaged in stage 1.

The federal-provincial working committee met in Ottawa on April 24, 1963, with the representatives of the company to receive a progress report and to discuss the scope and

direction of further research work necessary for the completion of the stage 1 assessment.

I do not think that there is anything more I can usefully report at this time, Mr. Speaker, except to say that the consultants' report will be submitted to the committee by the end of August, and that the federal-provincial working committee is expected to meet some time in September to review this report and consider appropriate recommendations to submit to the full committee of federal and provincial ministers.

BROADCASTING

LOCAL PARTICIPATION IN RELIGIOUS BROADCASTS IN NORTH

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): Mr. Speaker, I wish to direct a question to the Secretary of State. It relates to the recent decision of the Canadian Broadcasting Corporation to curtail local participation in Sunday religious broadcasts throughout the Yukon and the Northwest Territories.

In view of the fact that the north has no representative on either the C.B.C. or B.B.G., and in view of the complete monopoly of the broadcasting medium by the C.B.C. in northern Canada, will the Secretary of State consider reviewing this problem, as requested by every religious denomination in the north, with the support of the national religious advisory council of Canada?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I do not think it would be appropriate for the Secretary of State to review this, but I would be very happy to draw the observations of the hon. gentleman to the attention of the C.B.C. and ask them if they would review it.

FISHERIES

NORTH PACIFIC TREATY—REQUEST FOR INTERIM REPORT ON WASHINGTON TALKS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I would like to direct to the Minister of Fisheries. In view of the widespread interest in the matter, particularly in British Columbia, I wonder whether the minister could give us a further interim report regarding the progress or lack of progress in the Washington talks which have been going on respecting the north Pacific fisheries.

Hon. H. J. Robichaud (Minister of Fisheries): In reply to the hon. member, Mr. Speaker, I wish to state that while negotiations are under way in Washington, it would not be in the public interest to make any further statement now.

[Mr. Laing.]

(Translation):

SUGAR

REPORTED OFFERS OF SUPPLIES AT REDUCED PRICES

On the orders of the day:

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce? Has not the minister received recently interesting offers from a certain number of friendly countries that are in a position to supply us with any amount of sugar at the price which was current before the unjustified increase in price of this commodity on the Canadian market?

(Text):

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I do not understand the purport of the hon. member's question. Perhaps he could be more specific on the order paper or in a later question.

PARLIAMENT BUILDINGS

PROVISION OF DRINKING FOUNTAINS IN CENTRE BLOCK

On the orders of the day:

Mr. Speaker: The hon. member for Hastings South.

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Will he take the necessary steps to have drinking fountains installed in the centre block to accommodate the many visitors to this place, and especially the many school children who travel hundreds of miles by bus in hot weather?

Hon. J. P. Deschatelets (Minister of Public Works): I thank the hon. member for bringing this to my attention, and as usual immediate steps will be taken.

[*Later:*]

Mr. Robert Temple (Hastings South): Mr. Speaker, much as I might like to take credit for the question asked by the hon. member for Hastings-Frontenac regarding drinking fountains, I bow to him.

(Translation):

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Minister of Finance. Following his budget speech last night, could the minister tell the house how important were the nightmares he had in his sleep?

[*Later:*]

FINANCE

REDUCTION IN TOBACCO TAXES TO STIMULATE SALES

On the orders of the day:

Hon. Rene Tremblay (Minister without Portfolio): Mr. Speaker, Tuesday the hon. member for Joliette-L'Assomption-Montcalm asked the Minister of Agriculture the following question, as found in the official report of that day:

In view of the cigar and cigarette tobacco surplus in this country, does the Minister of Agriculture intend to recommend to the Minister of Finance a tax reduction on such tobacco in order to increase sales?

Here is the answer. As the tobacco tax structure is the responsibility of the cabinet, I do not intend to comment on this matter.

(Text):

BUSINESS OF THE HOUSE

REQUEST FOR APPOINTMENT OF SESSIONAL COMMITTEE ON RAILWAYS

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to direct a question to the Minister of Transport, but in his absence I will redirect it to the Prime Minister. Due to the very unstable and unrestful conditions with regard to C.N.R. operations in the last month, can the Prime Minister inform the house when the sessional committee to study C.N.R.'s operations will be set up?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we hope to get these committees all set up at the earliest possible date, and I am sure this is one of the committees which will be given priority.

TRANSPORT

SASKATCHEWAN—RESULTS OF PROPOSED RAIL LINE ABANDONMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask a question arising out of the question which has just been asked. In the province of Saskatchewan, under the Canadian National Railways plan some 1,275 miles of railway will be abandoned. I have received a number of communications asking whether the Prime Minister himself would communicate with the president of the Canadian National Railways and point out the serious results which will follow in these areas, served as they are at the present time by some 320 elevators. This is a matter of priority. It is one which affects people of the province as a whole, and I wonder whether the Prime Minister has been in touch with the president, or whether he would get in touch with him.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have also received a good many communications on this matter, the importance of which I appreciate. I have discussed the matter with the Minister of Transport, who is taking whatever steps are possible, and I am sure he will do his best to ensure that the Canadian National Railways appreciate the importance of the matter. This abandonment and other abandonments, I may say, have been under consideration for a good many months.

THE BUDGET

INQUIRY AS TO OUTSIDE ASSISTANCE IN PREPARATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Finance a question regarding the preparation and provenance of last night's budget speech. Can the minister assure us that he and his government officials alone prepared the budget speech without the assistance of outside consultants or ghost writers from Toronto?

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The hon. member knows that is not the type of question which we enjoy in this house.

Mr. Fisher: Mr. Speaker, on the point you raise, this question is serious. I have information which was given to me which indicates that there were outside consultants brought in to assist in this matter, and I think a simple "No" answer is important because of the tradition that budget information should be privy to the minister and his officials until the very last minute. All I am asking, and asking seriously, is for a simple assurance that this was the fact and that outside consultants were not involved.

Mr. Speaker: Perhaps the minister would allow me to reply. When the hon. member becomes minister of finance he can bring about suggested reforms.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I put the question in another way. Was the press report of a week or so ago to the effect that this was happening correct?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, as Minister of Finance I take full and sole responsibility for everything which was contained in the budget.

Mr. Bell: Answer the question.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this is a matter which affects the privileges of this house, and that answer does not meet the question that was asked. If there was in fact anything in the nature of occurrences such as have been referred to by the hon. member for Port Arthur, then an unequivocal no is the only answer that parliament should have. I think the acceptance of responsibility is no answer to a question of very serious importance indeed.

Mr. Fisher: Mr. Speaker, I should like to reply to the response you gave me to the effect that when I was the minister of finance I could change things. The point I have been attempting to raise in all seriousness is that it is both the British and the Canadian tradition, as I understand it, that because of the importance of the changes in taxation and the consequences that advance or partial information may have, it is essential that the whole matter should be kept in secrecy. When reports are existent that the minister has brought down people from Toronto to help him in the preparation of his budget who may be outside the government service, I think I deserve a denial or an explanation of this matter.

Some hon. Members: Answer.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask a question of the Minister of Finance. Did the outside consultants who conferred with him with regard to the budget take an oath of secrecy during the course of the proceedings?

Mr. Gordon: Mr. Speaker, everyone who assisted me with the preparation of the budget took the oath of secrecy.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I should like to ask the Minister of Finance whether there were persons who left his office prior to six o'clock last night with knowledge of the budget contents.

Mr. Gordon: I left my office before six o'clock last night and I was fully familiar with the budget, Mr. Speaker.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the minister if persons other than the officials of his department participated in the preparation of last night's budget?

Mr. Gordon: Yes, Mr. Speaker; various officials of various departments participated in the budget discussions. I had advice and assistance from a great many other people. There were representations from people all over the country.

[Mr. Gordon.]

Mr. Knowles: I have a supplementary question to direct to the Minister of Finance. It is this. Will he give us the names of those who assisted him in the preparation—

Some hon. Members: Oh, oh.

Mr. Knowles: I hear hon. members over there saying "Oh" and "Ah". This is serious. If people outside the government service were invited to participate along with the Minister of Finance in the preparation of the budget, I suggest we are entitled to know the names of those persons.

Mr. Lawrence E. Kindt (Macleod): I am rising on a question of privilege. The Speaker of the house told the hon. member for Port Arthur that when he became minister of finance he would be able to make reforms. I think the Speaker should withdraw that remark. It was facetious. It was totally out of place. It showed bias.

Mr. Speaker: I have pleasure in withdrawing that remark, which was not as facetious as I thought it might be.

Mr. Kindt: I accept that withdrawal.

Mr. Douglas: I wish to put a supplementary question to the minister, though my first question has not received an answer. I wish to put it in another way. I am asking now whether any persons other than officials in his department or in any other department of the government participated in the preparation of this budget. I did not ask him if he had received advice and representations from delegations. I asked him whether any persons other than government officials participated in the preparation of the budget he delivered last night.

Mr. Gordon: Certainly, I got advice from a great many people.

Some hon. Members: Weaseling.

Mr. Douglas: If the hon. minister wants to sit still and refrain from answering, I will understand; but to avoid the question is something else. I did not ask him about advice. I asked about assistance in the prepparation of the budget.

Mr. Speaker: Perhaps hon. members will allow me to turn to an authority, Beauchesne, fourth edition, paragraph 181, subparagraph 3:

> A minister may decline to answer a question without stating the reason for his refusal, and insistence on an answer is out of order, no debate being allowed.
>
> A refusal to answer cannot be raised as a question of privilege, nor is it regular to comment on such a refusal. A member can put a question, but has no right to insist upon an answer.

Mr. Douglas: On a point of order, I am not taking exception to the minister refusing to

answer. I am taking exception to an irrelevant answer which is a complete evasion of the question.

Hon. J. W. Pickersgill (Secretary of State): On the point of order which the hon. gentleman has raised, I am sure that in his experience as the head of a government he must have discovered for himself that all the authorities are agreed that any minister of the crown is entitled to seek advice from any source he chooses, as long as he assumes full and exclusive responsibility for the action which has been taken. This is a well known British constitutional principle, and it applies just as much to one matter as to another. It seems to me the only point which has arisen is whether everyone who assisted my hon. friend took the oath of secrecy, and he has assured the house that this was done.

Mr. Douglas: The Secretary of State is now proceeding to argue the case instead of discussing the point of order. If that is to be permitted, I think it should be pointed out that we are not discussing the matter of seeking advice. We are asking whether any persons who are not officials of the government participated in the preparation of the budget and in the writing of the text of the budget, thereby becoming privy to information which ought not to be in the possession of persons other than government officials or ministers of the crown.

Mr. David Orlikow (Winnipeg North): I should like to ask whether people not working for government departments have been, or will be, paid for work which they did in the preparation of the budget.

Mr. Gordon: I do not think I can answer that question. Anybody who was assisting me during the last two or three months— and there have been people assisting me—will be paid. They have been members of the department or attached to the department.

Mr. Orlikow: My question referred to people not working for the minister's department or for any other department. Will they be, or have they been, paid for work done in connection with the preparation of the budget?

Mr. Gordon: Anybody who was assisting me was working for the department.

Hon. Paul Martineau (Pontiac-Temiscamingue): I should like to ask the Minister of Finance if any of the outside persons who advised him on budget matters were informed in advance of any of the contents of the budget.

Mr. Gordon: I do not think I can say any more. I said earlier that I take full responsibility for the budget.

Mr. Knowles: Will the Minister of Finance give the house, either now or on Monday, the names of persons outside the government service who took the oath of secrecy when they assisted him in preparing this budget?

Mr. Speaker: Perhaps the house will allow me to read subparagraph 4 of the same citation:

> An answer to a question cannot be insisted upon, if the answer be refused by the minister on the ground of the public interest; nor can the question be replaced on the order paper. The refusal of a minister to answer on this ground cannot be raised as a matter of privilege.

HOUSE OF COMMONS

INQUIRY AS TO CHANGE IN TRANSLATION SYSTEM

On the orders of the day:

Mr. Ralph Cowan (York-Humber): I have a question I should like to address to the leader of the house.

In view of the great satisfaction that members of the House of Commons who are not bilingual receive through the medium of the simultaneous translation service which is in operation in this house, I would like to ask if any conspicuous mark of thanks or appreciation will be given to those scientists and technicians connected with the Canadian army who installed the four line simultaneous translation system in the House of Commons for the use of the universal postal union congress which met in the House of Commons starting August 14, 1957. Could the minister also advise the house why the four channel translation service was removed and replaced by the present two channel system, inasmuch as the original four channel installation authorized by the St. Laurent government proved eminently satisfactory?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, if I understand the question correctly it hardly falls within the category of those questions which are urgent because the matter has arisen since we met yesterday, but I will take note of the hon. member's question and if an answer can be provided I will do my best to provide it on Monday.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

The house resumed, from Thursday, June 13, consideration in committee of the following resolution—Mr. Pearson—Mr. Lamoureux in the chair:

> That it is expedient to introduce a measure (a) to establish a department of industry to be presided over by a minister of industry who shall be appointed under the Great Seal of Canada, to authorize the appointment of a deputy minister by the governor in council, and to provide for the appointment to the department on a temporary

basis of persons having special knowledge of manufacturing industries to assist in the work of the department; (b) to provide for the establishment under the direction of the minister of an area development agency and to provide for the appointment of a commissioner and a deputy commissioner for area development; and (c) to make a consequential amendment to the Salaries Act to provide a salary for the minister.

Mr. More: Mr. Chairman, in my first remarks this session I should like to congratulate you on your appointment to the office you hold and through you to extend my congratulations to the Speaker and the deputy chairman of committees. I have not known you personally as I have the other two officers, but I am sure all of you have the confidence of members of the house, and we look forward to this session knowing that without prejudice and without favour you will maintain the traditions of this chamber.

From the interjections and statements that have been put on the record by the Secretary of State during the debate on this resolution I presume that by rising to speak at this time I will perhaps arouse his ire to some extent and be accused of prolonging the debate unnecessarily. I point out to him that I have been here since 1958, and words of mine do not clutter up the record. Through other means rather than speaking for the record and for the press I have been able to serve my constituency in such a manner that I have been elected on three successive occasions. In 1962 the party of members opposite took full credit for my success in the election of that year. In the recent election they made an all out effort to defeat me. I do not know whether they will admit failure in this regard or whether they will blame my being here now on someone else.

I think it is a truism that each of us who come here have had the support of people who hoped that we would be sitting on the government side. These people know, of course, that the election may decide otherwise. As this has happened in my case, I am sure I am now expected to act responsibly as a critic of the government's program, to be constructive and to assist in getting the business of the country dealt with in a proper manner after the most careful scrutiny. My mandate as a member of this house is not a negative one. I think I can meet the wishes of the people of my constituency and of Canada by being careful and diligent in my work in opposition and seeing that parliament deals with the business of the country.

The resolution under consideration is in many ways far reaching. I listened carefully to the Prime Minister when he introduced the resolution. I have read and scrutinized it very carefully. As I see it, it has three sections. It has a section providing for the establishment of a department of industry. It has a section dealing with the dispersal of industry to depressed areas, and provision for commissioners to look after the area development agency.

This resolution is rather difficult for one to deal with just because it combines these features. I have strong feelings about one part of it and more favourable feelings toward another. However, in view of the way the government has put this matter before the house we have no choice in determining and showing by our vote our attitude on two very important matters.

The suggestion was made by one of my colleagues yesterday that the government should take notice of this situation and withdraw the resolution and put it before the house in two parts, so that each of the parts could be fully debated and the house could express itself on each matter. I take it they do not intend to do this. It would seem that constructive criticism, which we did not get from the opposition when the previous government was in power, is going to be ignored by the frontbenchers who now occupy the seats of government. However, I think it was the duty of members of the opposition to put forward this view.

We were led to believe, as were the people of Canada during the election campaign, that the party opposite had all the answers; that in 60 days we were going to have a great dynamic flood of new legislation that was going to be the cure-all for everything; that the reflection of the legislation was going to be almost instantaneous and we could forget about our problems because we would have none left. My observations indicate that we have had a lot of words and quite a bit of action and decision which has resulted in nothing but window dressing. A look at the window does not show very much of substance. There is nothing in the window for the Canadian people to purchase that which will give them very much benefit.

Throughout the country the great concern of the people seems to be about the growing bureaucracy and centralization. The Glassco commission made note of this in their final volume. Perhaps the government might heed some of the things they say there. I point out to the government that this is a fear of the people of Canada and one of which they should take some heed.

According to the Prime Minister's introductory statement this new department will be the focal point in Ottawa to which manufacturers may go. This great, dynamic effort of the government seems to me to be something upon which they will build more and more bureaucracy, and nothing else. The Prime Minister said the government was not building anything new, that the major part of the

staff requirements and facilities for this department would come from the Department of Trade and Commerce. Why then do we need the department? Why leave ourselves open to the working of Parkinson's law? We know from experience that this seems to be the case under any government. I am not pointing a finger at hon. gentlemen opposite; this seems to be the case, as anyone knows who looks at the record, and the public of Canada are concerned.

If this new department is to be merely a focal point and is not going to develop anything, as the Prime Minister said in his speech, why do we need it? All the ideas for development are going to come from the economic board. The new department will be the focal point for information for the representatives of the manufacturing industry in Ottawa. Instead of having to go to Tunney's pasture or the Hog's Back empire, down to Sparks street or Elgin street, these representatives will go to one office in Ottawa to secure information. Then, I say, why establish a new department? It may well be that the name of the existing department is wrong in the light of changing circumstances. If that is the case, why not establish a department of trade and industry? Why not take advantage of the existing set-up which perhaps has within it the knowledge and the facilities to do this work?

If the work of the department is such that one minister cannot handle it all, then why not give it to a minister without portfolio attached to the Department of Trade and Commerce, instead of establishing a new department? I feel that such a move would give the Canadian people more confidence that the government is recognizing the need for government to control itself. This is a subject in which every element of society in this country is interested. I noticed that in the 92nd report of the Canadian Manufacturers' Association—I do not put this forward because I always agree with the Canadian Manufacturers' Association—the president said, as reported at page 5:

> The proposed establishment of an economic council of Canada and a Canada development corporation, as enunciated in the throne speech, are obviously of great significance to manufacturing industry.

Then he goes on to say this:

> I am one of those who believe very strongly that we manufacturers must take the lead and ourselves do more planning if we are not to be "planned" by others.

I believe this statement is very sound. I was not a manufacturer, but I was in business and have had some experience with the requirements of government in relation to a small business. I think my hon. friend who is heir apparent to this office knows something about the paper work connected with a small business which is perhaps only earning wages and has to try to cut costs to meet competition. It is an onerous, almost impossible task. In many cases these government requirements raise the cost of doing business to the point where the business goes out of operation.

Perhaps I can give one small example of what I mean, and I do not put it forward as any criticism of hon. gentlemen opposite. This incident occurred during the war when regulation was required. I was in a clothing business, rather a substantial business, in the city from which I come. At the time this edict went into effect we had some 10,000 or more garments in our store, men's suits, with the trousers unfinished to a length of 39 or 40 inches so we could put on a double cuff, which needs five inches. The government issued an edict that, because of the shortage of woollen imports, no more cuffs could be put on trousers. We were going to save this extra cloth. We had these garments in stock, so we proceeded to continue to put cuffs on them. We were hauled up—at least we were not hauled up but the first steps were taken to haul us up—for contravention of this edict. We said "The garments are here and they are paid for. What are we going to do with the extra goods?" They said "You cannot put cuffs on these trousers. You cut off the material and keep it, and we will tell you where to send it because we need it".

The result was that we had to spend $495 for a blind stitching machine because our volume of business was such that we could not finish these trousers by hand. We cut the cloth off, and I wish you could have seen the piles of it. What happened? We never heard from the government again. Eventually we dusted off those piles of cloth and gave them to homemakers' clubs so they could make quilts. Here was a product on the shelf, available to our customers. Anyone knows that trousers finished with a double cuff give much more wear, yet we were prohibited from giving this advantage to our customers. This is an example of government bureaucracy, and the people are disturbed about it.

Many of these programs do not produce the results which the officials who recommend them intend them to produce. The mistake in this instance, of course, was in not stating that new garments purchased from the manufacturer after a certain date should be finished shorter. In this way less material would have been used and no one could put on a cuff. There were hundreds of stores in this country that had unfinished garments in stock on which they could have put these

double cuffs. We had not sold our complete stock by the time those restrictions were lifted. We had a $495 machine which was no use to us and which we sold eventually for $50 to a little tailor who had a use for it. The government lost some taxes as a result of the machine being sold at this price. This edict provided no service to the customer, in fact it denied him the wear he should have had from the garment.

This is the kind of bureaucracy of which I am always afraid, when governments decide they can be helpful to business. I am concerned, therefore, about the setting up of a new department if it is to be merely a focal point. It is not to be an investigative department, according to the Prime Minister. It will not be responsible for new ideas or the development of new ideas. The responsibility for any research that is to be done rests with the economic council. The sole purpose of the new department is that when a manufacturer comes to Ottawa and asks where he stands in this field, what are the recommendations and what are the problems, it will tell the manufacturer what he wants to know. He will not have to go to Tunney's pasture or out along the canal but will go to some central point to secure this information.

This in itself will be something new, and I am sure that Canadian manufacturers will welcome it. If you are going to stimulate industry, then industry has to sell its goods. Certainly the present Department of Trade and Commerce has a responsibility in that field. Why remove this responsibility from a department which, in the final analysis, has some influence upon the question of whether or not business can succeed? If the Department of Trade and Commerce does not do its job in co-operation with manufacturers, then industry is going to fail because its products are not saleable, and that is not going to promote any new jobs or any new wealth. Nothing will be accomplished. In all seriousness I say to the government that this resolution and this intention, under these circumstances, are wrong.

I notice further that in the speech of the president of the Canadian Manufacturers' Association he says:

> The new department of industry is a concept we have long advocated.

On the one hand he says they do not want to be planned out of business, but on the other hand he says this is a concept they have long advocated. In addition he says it should assume importance for them because it is a place where they can go and get the answers.

A new department, removed from the department which is going to play such an important part in the success of the new industries we hope to establish, means one more link in the chain of bureaucracy. To avoid a new growth of bureaucracy we can do the same job by changing the name of the present department to the department of trade and industry, and setting up within it the focal point that is proposed and which will be capable of supplying all the answers for the manufacturers. If the government does that it will accomplish something and everybody will be happy, but to forge another link in a chain of growing bureaucracy is unnecessary and is neither good management nor good planning.

These are the criticisms I wish to make, based on my own experience. The owners of industry have to deal with revenue and finance. They have to know the incentive provisions of the tax laws, the penalties they may be required to pay and the length of time in which they have to pay their taxes. Forward tax advice and tax rulings are things of great importance to new industry, but they are not provided under any government agency so far as I know.

I have had experience of people coming to me and saying "We planned a new industry; we had so much money and the development would have provided so many jobs, but we had to have some forward advice on what our tax position would be and when we came down to Ottawa we could not get it. The officials said to us 'Here are the tax laws and you can get them interpreted. It is up to you to decide.' "

This growth of bureaucracy, and the government digging in every time it thinks it can help, are due to the belief that it will produce votes. That is true of all parties that hope to form governments; but the little fellow, the small businessman, unlike a large corporation which has the advice of all the experts to get the answers, can quite innocently get out on a limb, and when he gets out on that limb the revenue department does not give him any consideration. They say to him "Mister, you pay what you owe." What is needed is a focal point to provide some information and forecasting of the tax position in regard to new industry.

I must tell the government I am not in sympathy with the setting up of a new department of industry. The people of the country are greatly concerned each time a government spades new ground just for some little operation and then they have to sit back and watch it grow. They are stuck with the costs and never, never get rid of them. The job can be done more efficiently by a department within the present department. I make this suggestion constructively and I hope it will be considered. Reviewing the purposes set out in the speech by the Prime Minister, I can see no need for

a new department that might nourish a new growth of bureaucracy, and I say in all sincerity to the heir apparent to the new department that I hope it will not be established.

Mr. Southam: Mr. Chairman, this is my first occasion to participate in debate in the twenty sixth parliament, and I would be remiss in political etiquette if I did not hasten to congratulate you on your elevation to the high office you hold, and ask you to express my congratulations also to the Speaker and the deputy chairman of committees. I am sure you will carry out your onerous duties to the best of your ability and to the satisfaction of all hon. members of the house.

I am very interested in this resolution, but I would like to go along with the remarks made by the hon. member for Regina City, who has just spoken, the hon. member for Winnipeg South Centre, the hon. member for Bow River and the hon. member for Acadia, who in no uncertain terms said that as Her Majesty's loyal opposition we are opposed to the setting up of another department which would further bureaucratic control of industry in our country.

As a small businessman myself I can agree with the hon. member for Regina City that small businessmen are burdened with paper work as a result of directives from the municipal, provincial and federal governments, to such an extent that we do not feel there are enough hours in a day to carry on business and keep up with the growing demands of government.

I think it has been ably said, and I shall not labour it, that the setting up of a new department is superfluous, but I am very interested in part (b) of the resolution which reads as follows:

> —to provide for the establishment under the direction of the minister of an area development agency and to provide for the appointment of a commissioner and a deputy commissioner for area development;

This is something which gives food for considerable thought. As circumstances exist at present, we find there is wide opportunity for industrial redistribution in Canada. Geographically we are one of the largest countries in the world but the biggest percentage of our population is to be found along the southern boundary of our country, and there is a great variation in our population from east to west.

In my own province of Saskatchewan, which basically is dependant on the agricultural industry, automation has created a very great problem. This has become increasingly evident in the last 30 years, and automation in the agricultural industry has limited the number of people we can employ in the province. I have spoken on this matter before and I wish to re-emphasize it this morning.

The loss of population in our province and the lagging behind of population increase creates a very serious problem in the economy of Saskatchewan. Thirty five years ago a father and two sons would be kept fully occupied on a farm of just half or three quarters of a section in size, using horse drawn implements, but with the development of automation a farmer with no sons is not overly worked in farming that acreage now. The result is that automation takes over where families do not have reasonably sized farms, and the sons are forced to look for industrial employment.

This is due, of course, to the fact that agriculture is the basic industry out there and the population has been drained off this great province of Saskatchewan. If we look at the figures published by the dominion bureau of statistics on the growth of population we see that for the last 30 years Saskatchewan has practically stood still in this respect. Back in 1930 I believe our population was somewhere around 900,000. We have still less than one million people in our province, and with the increasing demands on the provincial government for those services which should be provided—for instance, road building, schools, hospitalization, telephone services, and so on—we find that increasing costs are falling on a relatively small population. This is creating a great hardship in our province.

I think we have had another strike against us in connection with this problem. It cannot all be laid at the doorstep of automation. I think the loss of population is possibly due to having had the wrong political environment in that province for the last 15 or 20 years. This was referred to by my colleague from Acadia, and it is still a problem out there. But we hope to rectify that in the near future. The political environment has not been conducive to the encouragement of industrial development. But if we made a concerted effort to see that the area development agency suggested in this resolution does what it is supposed to do, we would be performing a great service for Canada, particularly for those areas where industrial development has not taken place.

When one questions leaders of industry in this country as to why they are not interested in establishing industry in the west, the reply is that we have not the large centres of population to provide a readily available market for their products. I find, after looking over the economics of the problem and especially the increased cost of transportation, that in a great many cases it is easier to purchase goods and services, particularly

goods, from the western United States or even import them from the Orient than it is to purchase them from eastern Canada. This is a serious matter when we think about it, Mr. Chairman. We in Canada are trying to step up job opportunities and develop industry, and we find that because of our vast geographic area it is uneconomical to buy from our friends in eastern Canada.

My suggestion is that the area development agency should look very seriously into this matter and should try to encourage industries already established in the east to set up subsidiary industries in western Canada. British Columbia, through their vast forest industry, have pretty well solved this problem but we on the prairies, because of the problems of population, automation and agriculture, need special attention. Special incentives should be offered by the area development agency to encourage the establishment of subsidiary industries in the western provinces by the mother industries in eastern Canada. These mother industries should go out to the west and establish secondary industries so that we could increase our population and development. By so doing we would be able to spread the tax load under which we are now labouring. With a larger population the tax load would be easier, percentagewise, and we could have a standard of living almost equal to that enjoyed by the people of eastern Canada. The higher standard of living in the east is due to the fact that here there is a variety or multiplicity of industries.

I think, Mr. Chairman, this more or less sums up my thoughts as far as this resolution is concerned. I naturally go along with the avowed intention of the government to create more job opportunities. This is a laudable objective. However, I doubt very much whether this legislation is going to have the desired effect. The pros and cons have been pointed out quite extensively and effectively by other colleagues of mine in this debate.

The Chairman: Shall the resolution carry?

Mr. Madill: Mr. Chairman, this being my first speech in the House of Commons I should like to offer my congratulations to you on your appointment, and through you I should like to extend my congratulations to the Speaker. I have the honour of succeeding the new lieutenant governor of Ontario in this house. I refer to Hon. Earl Rowe, who served here with dignity and diligence for 37 years.

Some hon. Members: Hear, hear.

Mr. Madill: I know he had many friends within our party and also many, many friends among the opposition.

This new department of industry is to be set up to provide jobs for 250,000 people coming on to the labour market. This is necessary. This is not only a laudable but a very necessary objective. How far does the Prime Minister intend to go in assisting industry? Will it be an assistance of interference, an interference of obstruction or an interference of frustration? Is the manufacturer going to be placed in a position where he literally does as the department of industry advises? It is my impression that industry in Canada has been doing a good job with the many measures the Conservative government brought in. A climate was created whereby industry, for the first time in ten years, was able to show an upward trend. This was repeated in 1961 and 1962. The Canadian manufacturer has shown his ability to meet competition in the textile industry, which was on the rocks a few years ago and has now recovered and is able to meet competition anywhere. It would rather look, therefore, as though the productivity council did a good job.

The Prime Minister has indicated that there will not be anything new or anything that has not been done by the productivity council, the Department of Trade and Commerce and the Department of Defence Production. Then why, in the name of common sense, appoint another cabinet minister, another deputy minister, personnel, etc.? This is more and more bureaucracy in government; it is just a little bigger load for the people of Canada to carry.

Well, Mr. Chairman, the Canadian taxpayer is just about fed up with carrying this load. To my mind it would have been much more preferable not to appoint a minister of industry but, instead, to cut the taxes that industry is now paying. This government is now an equal partner in the profits of industry. Would it not help industry a great deal more if the taxes were cut in two and industry were allowed to run its own business, which I am sure it could do if the government would only get off its back? Would it not be better also for the taxpayer, who would not have to shoulder the cost of a new department of industry?

I think the people of Canada are wondering, what next? This will be a government with more cabinet ministers than any previous government. There will be more civil servants and more people on the government payroll than ever, in spite of the Glassco report. I repeat, there are more cabinet ministers on the payroll, in spite of the Glassco report, and they are men who were previously civil servants. Will these cabinet minister civil servants give the best ideas, the best counsel, or would these come better from some men who, unsheltered, have faced the battle and the breezes of free enterprise?

I think the taxpayers of Canada would say "Give us the man who has been tested". These are all disturbing thoughts, and the public will perhaps look with misgivings at the creation of a new department which will only cost them more money.

Mr. Lambert: Mr. Chairman, in speaking on this resolution to found a department of industry I do not know whether it is so much a resolution to establish a new department of industry as to find a place wherein the government can hive an area development agency. I am not going to deal with the difficulties in considering a resolution which in itself contains two principles. Other speakers before me have done this, and I think the committee must recognize that in voting on the resolution one must be able to extract a clear principle therefrom which you can either accept or reject.

In this connection we have, first of all, the establishment of a department of industry. One of the questions we might like to put to the hon. member on the treasury bench who may reply to the queries which have been put forward from members on both sides of the house is this. Who are to be, and what are to be the numbers of, the persons having a special knowledge of the manufacturing industry in this country who may be appointed to the department on a temporary basis? I think we should like to have some idea as to the government's thinking in this respect. In many instances government departments take on special advisers, but usually we get to know what are their intentions.

Before I deal with the economic implications of the resolution I should like to say that I have some difficulty in seeing the entire merit of an area development agency. What is to be its composition, its terms of reference, and what are going to be its powers other than, perhaps, to examine certain situations? Are its recommendations going to be forwarded to the minister of trade and industry? Are its recommendations to be subject to the approval of the governor in council before any area is determined or specified as one of slower economic growth? This becomes very important in light of the budget presented last night, and it is primarily for this reason that I have withheld speaking in the debate, so that I could see what was proposed in the budget with regard to development of those areas of Canada where there has been slower economic growth.

I must say that from looking at the budget and at what are its aims, the purpose of the area development agency becomes rather clearer to me. But I think there is a need for clarification as to how soon such an agency can act, what type of survey it can make, where are its recommendations going and how are they to be approved, because nothing can be done in the matter of income tax proposals and businesses taking advantage of such proposals until we get the composition of an area development agency decided upon. It is for this reason that I have some reservations as to how quickly action can be taken with regard to the proposed income tax provisions relating to industry.

As a matter of fact, I would say that even if a department of industry were set up next week—it could not be next week, but within the foreseeable future—and the members of the area development agency were named, the agency organized, the information compiled and recommendations made thereon, considered by industry and acted upon, it would be 1965 before there would be any concrete action on the part of industry to commence establishing itself in those areas of slower growth. Some may be fortuitous in that they have already taken decisions to establish themselves in such areas without the assistance of the area development agency.

I should now like to deal with the economic implications. The Prime Minister made a statement the other day when presenting the resolution concerning the economic council to the effect that the task of the new department will also be to serve as a guide to the public and the government; to give advice on what are the sectors of our economy in which we can expect strong expansion, and what are the things a growing Canada can produce in greater quantities for the nation's benefit. This is the task of the economic council in connection with which a resolution has been passed. It is then said that in order to carry out the recommendations of the economic council as far as industry is concerned a department of industry is needed.

Now, Mr. Chairman, I do not think for one moment that a new department is necessary. I believe that within the framework of the Department of Trade and Commerce we have the organization for dealing with industry. What has been thought of here is nothing new. Industry does want assistance. It has been coming to the government for assistance for a number of years, but during the past three or four years a great deal more assistance to industry has been given. I recognize that industry requires advice, and it has been able to get it. Granted, there is always room for improvement; but on the other hand, Mr. Chairman, how in the future may a businessman come to the government with problems concerning trade and industrial development? Would it not be much easier

for him if he could deal with those people concerned with industry and industrial development within the one department? We all know how difficult it is if we have to go from one department to another. I do not blame the people in the departments; it is inherent in the system. In the same way, if you have certain financial problems and you go first to the Department of Finance and then you go to the Department of National Revenue, you are not talking within those departments to people with the same philosophy. This is one of the problems which I think the new minister will have to face, the difference in philosophical approach as between departments.

I do not think in separating trade from industry we are going to get the benefit of concerted thinking with regard to industrial and commercial development in this country. That is why I feel that this bifurcation is likely to have a negative result. I should have thought it would have been far better to accentuate the industrial sector of the Department of Trade and Commerce; rename it if you wish, for a rose under any other name smells as sweet.

Right within the core of the Department of Trade and Commerce there has been a tremendous reorganization. There are some highly capable people in that department, particularly in the industrial section and in a revitalized trade section. I have met delegation after delegation of businessmen from western Canada particularly from the province of Alberta, who have told me that within the last two or three years they have received tremendous assistance from the Department of Trade and Commerce. They come along with their problems and they receive assistance.

I feel it would be better if the people who are carrying out this work were to remain under one roof. At the present time one minister expresses the complete philosophy of his department. The deputy minister and his assistants do the same. Now we are to have two ministers with different ways of thinking. The establishments will develop along two lines of thought. I suggest we are not taking a step forward. Indeed, the step we are taking may be retrogade.

I have another major reservation to make with regard to the establishment of this proposed department of industry. In order to avoid a proliferation of ministries the government has decided to suppress the Department of Defence Production and to switch the genial member for St. Antoine-Westmount from that department to the proposed department of industry. I am wondering what will happen to defence production as a result. The other day we heard the minister expressing, in reply to questions, grave concern over the importance to Canada of defence sharing arrangements. Is the Department of Defence Production now to be merely an anteroom or a minor adjunct to the department of industry?

I think the committee should consider this further point. The purposes of the Department of Defence Production are vastly different from those of the proposed department of industry. It has been indicated that the new department is to be advisory in character. We are told it will help and advise businessmen with regard to the development of industry. On the other hand, the purpose of the Department of Defence Production is to organize an efficient unit to carry on the purchasing and procurement of military supplies for our forces in the most effective way possible.

Whether this has been entirely the case I am not sure, but in any event under the proposal now before us the work of defence production becomes an adjunct to industrial development. The new minister, in his concern for defence production sharing arrangements, may feel that he has an agreement or a deal working with whatever foreign power is on the other end of the production arrangement. This would involve the placing of orders for certain equipment for our armed forces in the foreign country concerned. He must, after all, remember that it is his prime concern to obtain the best equipment for our armed forces at the lowest cost to the taxpayer.

On the other hand he has the responsibility, as minister of industry, to encourage the rapid development of industry in Canada. Which of these two potentially conflicting objectives is likely to prevail? Will it be that of defence production, or defence production sharing, or will it be that of the development of Canadian industry? The new minister will have this problem to face. There will be recommendations from one section of his department in one basket on his desk, and in another basket recommendations possibly completely to the contrary.

Another question which hon. members might consider is this. What is to happen to the Department of Defence Production in the light of the sweeping recommendations of the Glassco report? We have these recommendations summarized in the last volume of the report, and for the information of the committee I think we might look at a few of them. First of all, the Department of Defence Production was supposed to change its name but its functions were to be greatly expanded. It was to become a central purchasing department, a general purchasing

agency for all government departments other than the commercially orientated crown corporations. I refer to the fifth volume of the report at page 108. The department was to take the procurement of office machines, stationery, forms and the servicing of office equipment away from the office of the queen's printer. Then again, the crown corporation known as Defence Construction (1951) Limited was to be disbanded, its charter surrendered and its functions transferred to the Department of National Defence.

In this connection I am wondering whether the minister could indicate in the course of his reply whether there is any truth in the suggestion that with retirement of the president of Defence Construction (1951) Limited it is the intention of the government to carry out the recommendation of the Glassco commission in this respect. I know this gentleman very well. I know he has taken a position in industry, and I am wondering whether this is because he has seen the writing on the wall or whether he has been privy to a decision to be announced in the future.

What is to happen to the Department of Defence Production as far as the recommendation of the Glassco commission is concerned? I feel this recommendation is incompatible with the formation of a department of industry equipped with some sort of wing for the consideration of defence production matters. I feel too that this incompatibility means that the recommendation in the report is not acceptable to the government. It, therefore, must be taken to reject certain of these recommendations; because I do not feel that a department of industry is likely to become a central purchasing agency for the government. I feel somehow that this would be altogether incompatible with what has been set out as the purpose of this new department which, as I have said, appears to be in the nature of a planning department.

We are advised that the new department is not to have a large staff. It is to be, shall we say, the economic mastermind of the nation. Is the economic council to report to the minister of industry? Is it to report to the Minister of Finance? After all, we must also look at the recommendation of the Glassco commission as set out on page 110; that in dealing with finance, the Department of Finance should undertake the conduct of the central economic analysis for the purpose of aiding the development and co-ordination of the general economic policy. This is a matter which is closely related to the stated aims of the proposed department of industry.

I cannot help wondering where the proliferation of all this planning is going to lead. Perhaps it will lead to such a situation as is hinted in the press today. I was not able to get confirmation of this information from either the Minister of National Revenue or the Minister of Labour during the question period this morning, because the period ended rather quickly while I was absent from the house for a few minutes, but it is reported that the announcement by the Minister of Labour of the $500 bonus on houses built substantially during the winter months was made without any prior consultation with the Central Mortgage and Housing Corporation. If I could have obtained confirmation, and I hope we can get confirmation, that there was prior consultation—

Mr. Drury: If I may interject, I will give the hon. member that assurance now. He need not labour the point.

Mr. Lambert: That is fine. I am glad to see that the minister is able to speak for two other ministers. In any event, it is rather strange that C.M.H.C. officials, who apparently ought to be in the know, have indicated that they were completely caught by surprise and that they were not consulted with respect to this matter. If the answer is no then I am satisfied, and I think this will allay some disquiet in regard to such a step having been taken.

I use this as an illustration of the possibility of the right hand acting without knowledge of the left hand, and the possibility that we will have in the industrial development of this country the Department of Trade and Commerce going one way in its trade policies and the department of industry going the other way without this intimate interchange of knowledge and ideas which would be much more readily available if this were all under one roof.

These are the reservations I have with respect to the resolution. Frankly, while I admire and accept the motivation of assistance to industry and the co-ordination of certain plans, I still feel that the government is using the wrong vehicle to travel the right road.

The Chairman: Shall the resolution carry?

Som hon. Members: On division.

Resolution reported.

Mr. Deputy Speaker: Mr. Drury (for Mr. Pearson), seconded by Mr. Pickersgill, moves that the said resolution be now concurred in. Is it the pleasure of the house to adopt the said resolution?

Mr. Lambert: On division.

Resolution concurred in.

Mr. Drury (for Mr. Pearson) thereupon moved for leave to introduce Bill No. C-74, respecting the department of industry.

Motion agreed to and bill read the first time.

MUNICIPAL DEVELOPMENT AND LOAN BOARD

PROVISION FOR FINANCIAL ASSISTANCE TO MUNICIPALITIES

The house resumed, from Tuesday, June 11, consideration in committee of the following resolution—Mr. Gordon—Mr. Lamoureux in the chair:

That it is expedient to introduce a measure to promote increased employment in Canada by the provision of financial assistance by way of loans to municipalities, the object of such loans being to enable municipalities to augment or accelerate their capital works programs subject to the approval of the provinces concerned; and for this purpose to provide a special fund in the consolidated revenue fund not exceeding four hundred million dollars to be available for the making of loans to municipalities and certain other municipal authorities for specific municipal capital works projects; to establish a municipal development and loan board to administer the fund so provided; to authorize the acceptance of municipal debentures for any loans so made; to authorize a measure of forgiveness in respect of any loans so made, depending upon the date of completion of the projects for which such loans are made; and to provide further for other related and incidental matters.

The Chairman: Shall the resolution carry?

Mr. Pickersgill: Could we carry it before one o'clock?

(Translation):

Mr. Côté (Chicoutimi): Mr. Chairman, how could we not welcome the resolution concerning a municipal loan fund like the one introduced by the Minister of Finance (Mr. Gordon) and which is in fact one of the proposals put forward by the Social Credit party for almost 30 years.

We are happy, of course, to see the present government accept our suggestions. This is not the first time that a Liberal government has agreed to apply Social Credit proposals. As I said last year, the establishment of the Bank of Canada in 1934, the socialization of the currency or bank notes by the Bank of Canada in 1935 and the abolishment of the gold reserve in 1940 were all proposals put forward by Social Credit and carried out by Liberal governments.

Several other social measures were applied by the Liberals under Social Credit pressure, but this is not the proper time to recite them in detail. However, when you consider the profound influence of Social Credit in the development of the Liberal policy, you may rightly wonder why those people fought us so fiercely with so many millions if on the other hand they cannot administer without carrying out our proposals. That should prove irrefutably to every Canadian that the Social Credit platform was the only practical one since the Liberals drew so abundantly from it for their own policy.

Therefore, I have many reasons to state that we have cause to welcome this new project put forward by the Minister of Finance and so largely inspired by our ideas, our theory and our philosophy.

Of course, the project as introduced by the Minister of Finance, that is providing for the establishment of a special fund not exceeding $400 million for municipal loans, is a far cry from the constructive proposals we put forward on many occasions in the past, but it is a step in the right direction and I am quite convinced that the Minister of Finance will soon be compelled to fully apply all our suggestions because of the huge needs of our municipal governments, which are closer to people and have a better knowledge of the social needs—

Mr. Chairman, may I call it one o'clock?

(Text):

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

(Translation):

Mr. Côté (Chicoutimi): Mr. Chairman, the time has come to make a distinction between capital investments for social purposes and those which are made for commercial or industrial purposes. It is in that perspective that during the last week of the election campaign, the Social Credit party put forward a financial policy the second point of which read as follows:

—a Social Credit government would set up a public credit and municipal development bank for the financing at cost of all social projects such as public works, bridges, government buildings, hospitals, etc. In addition, the bank would lend to municipalities, school boards and provincial governments for similar purposes and it would, with the approval of the provinces, refinance the compulsory debt of those various levels of government to free public capital and direct it towards commercial and industrial investments which would ensure the unlimited growth of our national economy.

Like certain economists, namely professor Jean Mehling, formerly of the University of Montreal and now of the University of Paris, we believe:

—that public works activate the economy in several ways and that they are a means to provide employment and purchasing power.

That is why we are anxious to participate actively in any legislation which could benefit the most useful of the three levels of civil government. It is the municipal government which is closer to us and which provides the most numerous and direct services. In organized communities, the municipal government provides water services and maintains a police force for the protection of our lives and property; it is also the municipality which has the equipment to fight fires, which cleans our streets, looks after sanitation and garbage removal, controls and tries to improve traffic.

For all practical purposes, municipal government is the one whose sound operation is the most important.

When the municipalities urged the previous administration to set up a municipal development bank, there was a very important reason justifying them to turn to Ottawa for that purpose, while respecting the constitution; it is that if the compact of 1867 established a division of powers and proclaimed that the provinces were sovereign in the field of civil rights and property, the same compact placed the monetary and banking system under the control or jurisdiction of the federal government. Now, nothing can be done when the monetary system paralyses instead of stimulating, as is now the case.

A sound monetary policy must automatically come from the public and private needs of the people wherever they may be, in relation to the material possibilities of providing for those needs. And since we deal with municipal bodies, they know best their needs, when to build or extend water works and sewage systems, pave streets, etc. They are aware of their needs and know very well where to find the material resources to provide for them. But here is the rub: there is always a money problem that restricts their activities.

Those are the reasons which have prompted the municipalities to ask Ottawa, as a result of the Social Crediters' unremitting efforts, the establishment of a municipal loans fund.

The purpose of the Bank of Canada at the time of its institution was:

To serve the people, all the people, by ensuring the sound economy of the entire country.

I hope that the bill which will soon be submitted to us by the Minister of Finance will not mention that these $400 million will again be levied on taxpayers who are already overtaxed and hard-pressed by our hateful taxation system which levies up to 80 per cent of individuals' and up to 50 per cent of corporations' income.

All capital needed for the proposed municipal loan fund will have to be supplied exclusively by the Bank of Canada. It will be new money, new credit created in exactly the same way as the chartered or commercial banks do when they regularly create bank money.

It would be absurd not to recognize society's right to own its credit and to use it without resorting to terms set by usurers or profiteers in the financial field, and without having to pay them a penalty for permission to develop this country's resources and wealth.

To this end, the Bank of Canada will, therefore, transfer new credit up to the indicated amount of $400 million. Only then shall we be able to say that the government really and honestly wants to help put an end to unemployment by financing municipal developments strictly at the administrative cost, through the municipal credit fund mentioned in the resolution before us.

The government would commit a very grave error if it considered taking this capital amounting to $400 million out of the consolidated revenue fund created by public taxation. Such action would be a backward step because the government would be interfering in private activities by taking the place of the stock brokers, who are quite capable of finding the necessary capital to finance municipalities on their own, and who have proved it for a very long time indeed.

On the other hand, if we set up a municipal credit fund with capital supplied by the Bank of Canada by resorting to new credit, we shall not frustrate the stock brokers who are an important class of financiers used to creating contacts between the investors and those in need of capital. The brokers could very well channel all liberated and available capital into the field of commercial and industrial stocks which on the other hand, could under certain conditions, be guaran-

teed by the industrial development bank, as is done in other fields. Today, in order to increase investment of capital in industry, it is necessary to give greater security to the investor.

In concluding, I repeat that the municipal credit fund should not become a sterile body, which would only be interested in displacing the conventional methods of financing municipalities, but an authority or an organization able to create and produce new financial life.

(Text):

Mr. Aiken: Mr. Chairman, I would like to open my remarks on this resolution by first saying I am in agreement with any measure that will aid municipalities in providing both public works and employment, but this afternoon I would like to discuss an underlying constitutional problem different from those already raised in the debate.

There are two opposing propositions in connection with this measure. The first is that public works undertaken with a view to creating employment are often best undertaken at the municipal level because at that level the employment needs of the local residents are best known. For that reason where the work can be done in the municipality it is best done there. The second proposition is that municipalities are creatures of the provinces, and federal intervention in municipal affairs is only justified where there is a national interest involved.

I would like to point out that the British North America Act sets up two separate taxation fields. The first taxation field is the federal one, and it generally authorizes indirect taxation. The other field, the provincial one, authorizes in general direct taxation, and under this heading the municipalities levy taxes upon real estate in a direct fashion. My point is that the federal method of taxation, the federal system of taxation, is not justified in presenting taxes to a municipality which has another system authorized under the British North America Act, unless this assistance is required for national purposes.

I wish to draw the attention of the committee to the fact that in the last few years there has been intervention by the federal government into municipal works and municipal financing, but thus far in every case federal aid to municipalities has been on the pretext of a national emergency rather than on terms of helping the municipalities out on general principles. Three such schemes have been undertaken, and I would like to examine them briefly.

The first is the sewage disposal program that the former government brought in in

1960. It was a program of national urgency. The problem was marked very well by the mines, forests and waters committee of this house in 1960 when that committee undertook a complete review of the question of water resources in Canada, and particularly the question of pollution. As a result of the recommendations of that committee, and within a very few months thereafter, the federal government had taken up the question of sewage disposal and water pollution and brought into effect the very excellent sewage disposal program which followed.

I should like to read paragraph 10 on page 396 of the report of that committee, in which it made the following recommendation to the government:

> Your committee recommends that the federal government accelerate investigations of pollution problems in Canada particularly in those areas where it has legislative responsibility. In addition, at the request of the provinces it should provide information which would be useful in establishing objectives of water quality control. The committee recognizes that much progress has been made in this direction in the past. The province of Ontario is to be commended for the headway it is making in pollution control. However, as our population increases greater effort will be required in the future.

I would now like to read the last paragraph paragraph 30:

> The evidence revealed considerable overlapping of authority relating to water resources, not only as among federal departments, but at various levels of government, federal, provincial and municipal. Your committee believes that more effective development of water resources can only be accomplished by better co-ordination of the work now being done at all levels of government.

Approximately $24.5 million will be spent in the year 1963 on the sewage disposal program introduced by the previous government, according to the figures given at page 105 of the budget papers deposited a few days ago by the Minister of Finance. This is a very large contribution towards the municipalities. It is being granted as a national control measure, and not purely to help the municipalities out of their difficulties.

The second program by which the federal government came to the aid of the municipalities was the assistance to vocational schools. It was brought into effect also in 1960, in the late fall, and was one of the most effective programs ever introduced with the aim of a reduction of unemployment. I think this will be recognized, and most of these very effective measures which were introduced at that time, are now being expanded and enlarged. They formed the whole basis of the great efforts made to increase employment and to assist municipalities, and the assistance to vocational schools was introduced for the same reason.

We all understand that the government realized something that had been developing

over the years, that vocational schools were required in order to train our young people for the jobs available. It was a measure to relieve unemployment, which no one would deny was and is a national problem. It became such a problem that the federal government, in accordance with the constitution, thereupon gave some assistance to the municipalities and the provinces in the vocational schools program. There again, however, I am pointing out that the federal government came into this program purely as a national matter, a matter of urgency, a measure to reduce unemployment, to help our young people train for the jobs which had become available in this age when jobs for ordinary people with no particular training were becoming fewer and fewer. The vocational schools program has done a great deal toward creating employment in the immediate sense of building the schools themselves; no one would deny that. In a matter of two or three years the results of this program will begin to show as the graduates come out of the vocational schools. But I would ask the committee to look again at the amount involved. In the budget papers at pages 126 and 80 there is an estimate, in a preliminary way, that the cost of vocational schools for one year, the fiscal year 1962-63, will amount to $207 million. That is for the one fiscal term.

I would like to turn now, Mr. Chairman, to the third instance where the federal government has intervened in municipal affairs to aid the municipalities. I refer to the winter works program. Perhaps I have taken these out of order, because the winter works program was in reality the first one undertaken. It grew out of our national problem of seasonal unemployment. On the basis of the fact that we had to do something for those who were seasonally unemployed because of our winter problems, the winter works program was undertaken. I do not want to review it because everyone knows the effect that the winter works program has had. I would like to point out, however, that here again it will result in the federal government spending an estimated $27.3 million in 1963. This is the amount of federal funds that will be used to assist in the winter works program. This estimate is found at page 10 of the budget papers. These are the three main examples of cases where the federal government is going into direct municipal arrangements with, of course, the approval of the provinces but with a more direct connection between the federal government and the municipalities than was ever envisaged before.

In all these cases there were two objectives, as I see it. There was a primary or national objective in each case, and there was also a secondary or immediate objective of creating employment. In all these cases, in the vocational schools, in the sewage disposal program particularly, we were looking to the future: we were looking to the elimination of pollution; we were looking to turning out trained students. But at the same time we were looking to the creation of immediate jobs, and these immediate jobs were in the construction of the sewage systems and the vocational schools.

With that background, Mr. Chairman, I want to come to the real point that I am trying to make on this resolution. We have not seen the bill, of course, and I may be forced to change my mind, but it is my feeling that no justification has been shown in this particular instance for moving into the municipal field. I think that we have been treading very close to the place where we should not tread and have been moving into a taxation field that is entirely different. We have a municipal taxation field and a federal taxation field, and they are quite separate. Taxes, in principle, should not be collected at the federal level on such things as income tax, corporation tax and estate tax and then returned to the provinces and the municipalities, who have another method of collecting taxes. So this basic balance is going and we must be very careful that we do not intermingle completely the two methods of taxation.

If I understand the present situation aright, any municipal project whether or not it has a federal or national objective, will be considered. Intervention by the federal authority does not necessarily mean interference. I do not mean that help is unnecessary or unwelcome. I feel that it is neither; that the federal government at the present time must intervene in municipal matters to give assistance. But I am pointing out that we are gradually moving away from what was originally intended, and if the municipalities really do need assistance—and we all recognize that they do—then before we get too far into this question of using federal funds for municipal purposes, without any recognition of the fact that national objectives should be involved, we ought to consider whether there should be changes in the taxation structure.

We know that the municipalities do need extra funds. They cannot collect the money required for their local projects out of taxation on real estate. This has become very, very oppressive. The municipalities are now getting help from the provincial governments, they are getting help from the federal government, and still their assessments and taxes are increasing each year. I am therefore

bringing to the attention of the committee, that I feel we have perhaps reached the breaking point where we are not trying any longer to use any national objective or national reason for getting into the municipal taxation field. I believe that a new deal on municipal taxation or on taxation generally as between the federal and provincial authorities must very soon be considered before we get into a complete integration of the two different types of taxation authorized under the British North America Act.

I say, therefore, that this resolution appears to depart completely from the established principle that in order to use federal funds in municipalities there ought to be a national objective. I think other speakers have pointed out that the projects in this bill are very limited. Some have expressed the opinion that they are too limited and there will not be any results coming from them because most projects will be excluded. But I merely say that those projects which are authorized have no pretext or excuse for the intervention of the federal government in providing funds.

There is also another injustice and this I think we should consider carefully. All municipalities do not take advantage of these federal-municipal projects. The vocational schools program, the sewage disposal program and the winter works program are available to all municipalities. There may be some smaller municipalities which would never qualify for the sewage disposal program, but in general it is available to them. Yet there are municipalities which are qualified and do not take advantage of some of these programs. I know that if we examine the record we will find that in any given district or county only a percentage of municipalities are able to qualify for federal assistance. This is even more noticeable in the present resolution, which is bound around by exceptions, exemptions, and so on.

I particularly asked the Minister of Finance when he brought this resolution forward—and I asked him for a purpose—what type of projects would be considered, and why. I asked the question, as reported at 890 of *Hansard*:

> Mr. Chairman, might I ask a further question of the minister. What is the basis for the selection of the type of works that will be authorized? Is there any particular basis on which the selection has been made?

The minister replied:

> They are intended to include the main works which a municipality normally carriers out and borrows for, with the exception of the items I mentioned in my explanation; hospitals, for one thing, sewers for another, and also schools. They are the main ones.

The restrictions which appear to be bound about the present legislation will be such that a good many municipalities will not be eligible to apply, and a good many others will not financially be able to apply. Therefore there is an injustice there with regard to the municipalities which cannot and do not take advantage of the federal assistance offered. I think all this goes to prove the point I originally made, that there is no excuse for interfering holus-bolus in any or all municipal projects without any objective in mind. I think that before we proceed any further with this matter we should give it careful consideration. This present resolution is moving us further and further into this question without getting to the basic problem of the distribution of tax sources.

There is just one more point I should like to make, Mr. Chairman, with reference to the amount of money being provided under the terms of the present resolution. We were told that it was an amount of $400 million, and that this is to be spread over a period of three years. Presumably there will be available approximately $133 million per year. I noticed in the budget speech of the Minister of Finance last night that he has estimated about $70 million for the current year for the new programs. I assume that the program we are now discussing is one of the major ones, and therefore we might look for approximately $70 million to be spent in the current fiscal year. Compared to the three programs which are now in effect in Canada, this will surely be insignificant and will not bring about the results we were led to believe might be brought about. As I pointed out a moment ago the sewage disposal program amounts in one year to an expenditure of federal funds to the municipalities of $24.5 million. The vocational schools program for the municipalities involves an expenditure of $207 million, and the winter works program $27.3 million. This totals per year $258.8 million. The proposed program, which is intended to do something to assist the municipalities, to relieve unemployment and to help in capital projects, will this year involve an expenditure of only $70 million or even less, which is less than one third of the money already being spent on projects in existence. Surely we can devise, Mr. Chairman, a better system of aid to municipalities and provide a more equitable sum of money which will have some effect on the economy of the country in the coming winter.

(Translation):

Mr. Frenette: Mr. Chairman, there are certain parliamentary traditions which very often give rise to comments from new members. Among those, there is one I wish to respect in a special way, that of congratulating the chairman on his appointment, and since this

is my first opportunity really to take part in a debate, well, I am extremely happy to do so.

I congratulate you and extend to you my best wishes for your continued success. You may rely on our co-operation in order to make your task as easy and as painless as possible.

Mr. Chairman, I am sure a mayor of a Quebec municipality will be allowed to express his views concerning municipal problems during this debate on the resolution now before us.

The needs of our municipalities are enormous. One has to be mayor or councillor of a municipality to realize how numerous and diversified those needs can be.

I believe that the primary duty of a municipal administration anxious to meet its obligations is to provide the people with the various essential public services. In that respect, I am conscious of the rather complex problems often caused by the provision of adequate waterworks in order to meet not only the requirements of the private sector but mostly—and this is when the situation gets complicated—the requirements of industries already established or those which indicate their intention of locating in our area.

Such waterworks facilities require, of course, very large outlays and give rise to a great many problems for municipal authorities.

We must not forget either the fire protection to which our fellow citizens are entitled. That service creates the same problems as waterworks, which are a constant headache, as I said, for those who are entrusted with the administration of the community.

As far as municipal sewers are concerned, I know that we already have legislation under which interested municipalities can secure loans at advantageous conditions.

Sewers are essential to public health, but they are just as important for urban renewal purposes and for the present and future needs of industry.

The fact remains, however, that the legislation, which is administered by C.M.H.C., I believe, creates a whole lot of problems for the municipalities which intend to take advantage of it.

I would mention in particular those medium-sized municipalities which have not yet installed a real sewage system and are at grips with this most difficult problem.

I would have liked to see in this resolution announcing the establishment of a municipal fund a further increase of the help given to municipalities for the installation of sewage systems.

Municipalities must, of course, provide other services; they have other urgent needs. Among others, I would like to mention municipal roads, construction of new streets and sidewalks, development of public parks and playgrounds, in short, all improvements likely to make life easier for those who have to live in those municipalities.

There is also another field which needs special development in the province of Quebec, and it is the tourist industry.

If our municipalities had at their disposal the financial means of carrying out the development of public parks and grounds in general, they would be able to develop tourism, that most profitable industry.

All municipalities, large cities just as well as small communities, have other needs. I am thinking now of the construction of buildings to house such services as the municipal administration, the fire station, the police station, and municipal garages or any other building to serve the needs of the community.

Naturally, Mr. Chairman, any construction project entails a problem of financing which has been extremely hard to solve up until now.

The needs of municipalities cover various fields. To name a few, there is the purchase of street maintenance and protection equipment, the salaries of the various categories of employees like the firemen and the policemen who look after law and order in our communities.

Another particularly interesting point concerns expanding municipalities or those wishing to expand. More and more, the sound policy for the setting up of an industrial fund by our municipalities anxious to develop is gaining ground.

I should have liked the minister, when introducing his resolution, to propose something new in order to promote the establishment of such an industrial fund which is of particular interest to those anxious to set up new industries in areas which are not yet

In order to meet the requirements of these industries interested in starting new factories, municipal authorities must necessarily purchase land and also erect buildings to be made available to those industries. An industrial promotion program should also be established for the provision of the required capital that unfortunately cannot be found in the budget of municipal councils.

Therefore, that list of needs compels us to say that we must find a solution to improve municipal finances because every time we are faced with a resolution about municipal affairs we are up against a wall, which is simply a problem of financing.

Our citizens, our municipal taxpayers, are already overburdened with taxes of all kinds, property tax, provincial tax, federal tax, not to mention school taxes which practically ruin our fellow citizens. It becomes almost impossible even to imagine that we could add on more taxes. Needless to say our fellow citizens, faced with this multiplication of loans and new taxes, are justly concerned about the future wondering what is going to happen.

An example is set by the municipalities whose budgets, as we know, are very often in the red. The municipalities are consequently losing that reputation for solvency they used to have.

The cost of those loans is increasing all the time. Obviously, every time we turn around to implement a public service program, we must rely on current financial means. This is why these projects must now be carried out without compelling the municipalities to pay twice for the capital investments they have to make.

Mr. Chairman, this indebtedness policy cannot be applied any longer. I believe it is high time we opened our eyes and tried to find a solution to this problem to do away with a system which unfortunately burdens future generations.

Mr. Chairman, when the party in power announced this legislation, concerning the establishment of a municipal development fund, we were expecting them to introduce something better than this. For several years, we, on this side of the house, have been advocating the establishment of that municipal development bank. We had thought the ministers were also trying, like us, to find a way to improve the lot of municipalities and, at the same time, the condition of the whole population.

Last Wednesday, Mr. Chairman, I took part in a meeting of all the mayors of municipalities in my riding. On that occasion, precisely, and in the light of what had been announced by the Minister of Finance Tuesday afternoon, we discussed this resolution and this legislation. I regret to say this, but I think it is my duty: the mayors of our municipalities are disappointed about the many restrictions provided to block, if you like, access to this municipal fund from which they expected so much.

During that meeting, Mr. Chairman, we compared the act I mentioned earlier today, with the Central Mortgage and Housing Act in respect of municipal sewage. On the whole, the bill which will follow this resolution can be considered as the extension of existing legislation.

The mayors and reeves said that they were much more interested in the development of the winter works program, because of its definite advantages, than in borrowing from that new municipal development fund.

It remains, nevertheless, that the legislation proposed by the government was much discussed during the election.

Personally, I do not hesitate to say that I am disappointed by the lack of realism which seems to pervade the resolution and the explanations supplied by the Minister of Finance.

Yet, Mr. Chairman, I want to congratulate the minister for having done something right now instead of waiting for the end of the session to present that resolution which will be followed by a bill for the creation of a municipal loan office.

I am in perfect agreement with what he said in this respect as can be seen on page 888 of the official record:

> In essence, the proposed act seeks to increase employment by the creation of new jobs in the construction industry engaged in municipal capital projects. The construction industry in Canada is particularly suited to employing large numbers of persons who currently make up the ranks of our unemployed. Many without work today have relatively few skills.

I entirely agree with him when he says that the legislation mainly tends to improve the lot of workers. Since I have been one myself, I am especially sensitive every time an effort is made to improve the condition of my fellow workers. I live in an area where the building industry is prevalent; in fact, 50 per cent of its economy is dependant upon that industry.

It is also with pleasure that I recall the words of the minister who said, substantially, that it was much sounder for the money distributed among the people to be the product of work than just a mere subsidy. I support that principle and I am happy to agree with the minister in that respect.

Mr. Chairman, as I said a while ago there was in our party platform a plank regarding the availability of low cost capital for the provinces and the municipalities. In fact, it reads as follows:

> It is in the field of provincial and municipal financing that the scarcity of money is most evident. Unskilled labour that could be gainfully employed in slum clearance and urban renewal, which would make Canada a more pleasant and more attractive country, is still unemployed, because of the lack of low cost capital at the disposal of the municipalities. A resolution presented to the federal government in Ottawa on November 8, 1960 by the Canadian Federation of Mayors and Municipalities states the problem clearly.
>
> Municipal administrations are still burdened by the high interest rates they have to pay, and the situation has not improved in the last year, when the federation drew to the attention of the government the problems met by its members. Unless the cost of money is greatly reduced, the municipalities will have to give up all hope of development, because they already have reached the stage where they find it difficult to meet the expenses resulting from their normal growth.

My colleagues have already suggested in this house particularly efficient and logical means at our disposal, the Bank of Canada especially, and I do not intend to go over them again. However, I should like to quote once more from our election program, this time about the establishment of a municipal assistance fund. I quote:

> Financing would be achieved through a special Bank of Canada account called the "municipal development bank".
>
> The fund would be used exclusively for "social capital developments", that is, community projects requiring capital expenditures, such as hospitals, water systems and sewage systems, street paving, roads, etc. The money would be made available to the provinces on a per capita basis and meant to be distributed to municipalities or used on provincial projects financed by that bank, as decided by provincial governments.
>
> The municipal development bank would promote an immediate increase in employment, mainly in the field of construction, throughout Canada. It would greatly contribute to give jobs to our unemployed and to make Canada a good place to live.

Those are, Mr. Chairman, the main reasons why we support, though with certain reservations, this resolution in the name of the Minister of Finance, on the establishment of a municipal development bank.

We would also have liked the minister to offer us means that would have been easier and more available for the municipalities, in other words a scheme that would have been a little more withdrawn from federal activity. And this would have been more in accordance with the principle of provincial autonomy. This autonomy is seriously threatened by the draft legislation. But, under the circumstances, and because of the increased difficulties faced by the municipalities, I am of the opinion that in order to be objective we must support this measure and see to it that it be implemented as soon as possible to ensure that our municipalities may derive all possible advantages from that program this year.

Before resuming my seat, let me express a wish. I wish that the government of this country may one day understand the solution we advocate in the field of finance and that we may in a reasonably short time see the implementation of the principles advocated by our group.

(Text):

Mr. Herridge: Mr. Chairman, I rise to speak quite briefly, first of all to support the principle and purpose of the resolution although the purpose of the resolution is far too limited from our point of view. I know that in rising to support the resolution I am supporting a resolution that provides for a temporary economic poultice on the ills of the municipalities rather than long term economic nourishment. But it does do something to assist the municipalities and on that basis we support it.

My colleagues have outlined our general attitude toward the resolution and the problem that the municipalities face at this time and have offered numerous criticisms and some suggestions. There is no necessity for repetition and I am not going to repeat. But I do wish to make a few suggestions as the result of some knowledge and experience based on, shall I say, the experience of an old man in community affairs. I must refer to one sentence in the resolution which does intrigue me. I do like the use of language in the resolution. I find that the legislation will provide for "a measure of forgiveness". I hope that indicates that the government is facing life now with a Christian and tolerant attitude toward the opposition as well as the municipalities of Canada.

My few comments will be mostly limited to my experience with the problems of smaller towns, villages and some unincorporated communities and I make them in all seriousness because I have discussed these

problems with local authorities and officials of various local organizations. First of all, I do think there is a great need for greater co-operation between government departments and government agencies to make the administration of this legislation more effective. In the past I have run into some most unfortunate blunders, I thought, as the result of lack of consultation.

To illustrate, and this is rather unusual, at the present time the officials of our glorified water branch in the Department of Northern Affairs and National Resources are doing all they can to make sure that a certain very productive community in my constituency is flooded out and buried under 30 feet of water in the very near future. The Department of Labour under the winter works program granted the same community last winter financial aid to rebuild the waterworks system and this work was done last winter. Here you have one department striving to flood out the community and another department assisting to rebuild their waterworks system. Did you ever see such an illustration of lack of co-ordination? I can give the minister the facts.

In another instance I discovered a lack of co-ordination between the Department of Agriculture and the Department of Public Works. The Department of Public Works had allocated some money to lower the level of a river and make it more navigable.

I was told by one official on no account to say anything about the fact that by doing this work we would lower the water table and drain 3,000 acres of land. They said that if public works were to hear that the scheme was draining 3,000 acres of land, we would not be able to get the money to lower the river level and at the same time drain the land. I kept quiet and the $5,000 to lower the river level was granted, navigation was improved and the water table lowered. All this occurred as a result of making certain there was no co-ordination or co-operation between the various government departments.

I should like to give you another illustration, Mr. Chairman, of the need for much more co-operation and co-ordination between the department that administers this legislation, the Department of Labour, and Central Mortgage and Housing Corporation. I think that these circumstances occur in many places, they have occurred in several communities in my constituency. There are, in my constituency, incorporated villages and unincorporated communities of, say, 1,000 or more people. Now, the Central Mortgage and Housing Corporation will grant loans to persons living in what they call the older, established areas of the village. I will take as an example the village of Nakusp. One can obtain a loan from Central Mortgage and Housing Corporation to build a house with a septic tank that is considered satisfactory, as long as it is in the old area of the village. I know of one person who owns four acres of land almost in the middle of the village. Under the present regulations of Central Mortgage and Housing Corporation he can obtain loans on this property, if he subdivides. He would be permitted to construct houses and build septic tanks practically in the middle of the village.

With the development of the forest industry, the village of Nakusp, unincorporated as it is, has been expanded by the provincial government to include another bench of land. These people who occupy this higher bench of land are denied loans because it is not considered healthy to construct septic tanks in this area. The whole of this village is built on a sand bar 100 feet deep. The provincial health authorities have ruled that septic tanks within the village and in any additions to the village, are quite satisfactory from their point of view. At the same time, we have the ruling that permits the building of septic tanks where possibly some would consider it unwise, that is in the centre of the village, while those who are living in the extension of the village are denied loans for this purpose from Central Mortgage and Housing Corporation.

I suggest that there should be some co-operation between those who administer this measure and Central Mortgage and Housing Corporation officials who deal with problems like these. Central Mortgage and Housing Corporation has advised that loans would be available when sewage systems were installed. Everyone with any knowledge of the circumstances knows that sewage systems are beyond the financial capacity of these villages and are not likely to be installed for many years to come. It is not sufficient for Central Mortgage and Housing Corporation to say no to these applications for loans, and let it go at that. There is a great need for co-operation and co-ordination between these various government departments and agencies. These problems are often treated on a sort of piecemeal basis without one department or agency knowing what the other is doing.

My second suggestion, Mr. Chairman, is that the minister should give consideration to amending the resolution or the bill when

it is introduced to provide for loans to recognized responsible organizations in unincorporated communities. This happens occasionally now under the winter works program. It seems to me that our responsibilities should be recognized to organizations of citizens in unincorporated communities, and I am thinking of irrigation boards, water districts or something of that sort. I do urge that consideration be given to amending the act to cover these particular circumstances so that not only will municipalities be able to benefit, that is incorporated municipalities, but also local organizations in unincorporated communities.

I might say that there are various reasons for not incorporating under certain circumstances. As I say, I urge the minister to give consideration to following the practice that has been established by the Department of Labour under the winter works program. I suggest that the following types of organizations should receive some consideration: Water districts that are supplying water and irrigation to these unincorporated communities. These water districts are incorporated bodies themselves, under provincial legislation, for the purpose of water distribution. Then, there are irrigation districts that are incorporated under provincial law. There are recreation commissions which are managing parks within unincorporated communities as well as incorporated communities. They are responsible to the provincial government. There is a great opportunity here to do something for the people living away from the large centres. I recognize that the problems of the large cities require assistance. However, I believe this measure could be a means of successfully helping the smallest community in the nation.

My third suggestion, to which I have made reference before, is that there must be closer consultation with these local authorities if this measure is going to be successful. In my opinion, you must get the co-operation of the persons you are aiming to serve with legislation of this type if it is going to be successful. In some instances our civil service requires some training in public relations. It is not good enough for an official of Central Mortgage and Housing Corporation to be almost dragged into a small community to give a short speech to the local chamber of commerce which is replete with remarks about the restrictions imposed by the regulations. There has to be better public relations with many of these local organizations that I have mentioned.

I have received this complaint from a number of places from the representatives of organizations in the unincorporated communities in my constituency. You know, I am a rural fellow; I have what they call a rural mentality which is somewhat different from the urban mentality. Some people prefer to live in the backwoods, the smaller communities, but these are really the grass roots of the nation if people only knew it. These small communities, all through our country—

An hon. Member: Like Toronto.

Mr. Herridge: My hon. friend from Port Arthur will deal with the larger centres in which the intellectual elite usually live.

I do urge consideration be given to this and that officials be informed of the necessity for co-ordination and co-operation between departments. There should be consideration for the needs of the smallest and humblest community.

Now, my next point deals with the question of publicity. Often we adopt legislation of this kind and the people of the country do not know what can be done under it. I have had this experience in the past. One piece of legislation for which I think the former government did not get the credit that it should have received from the public was the ARDA program.

I think that was largely because of a lack of sufficient publicity and a lack of contact with the sources of information available to the public. I urge that every effort be made to let all persons interested—whether they represent cities, towns, municipalities, small villages or unincorporated communities—know what is possible under this legislation, what the regulations are, and how it is being administered. To that end the minister should seek the co-operation of the local organizations such as chambers of commerce, local unions and women's organizations, etc.

I am a great believer in getting union members interested in problems, in addition to the problems of wages and working conditions. There is nothing like getting people interested in their local communities in order to give them a sense of belonging and being needed. Towards this end I suggest contact with the weekly newspapers. There are a lot of people in smaller places who read the weekly newspapers to a greater extent than they read the large dailies. In doing that I know they miss the column written by my hon. friend in the *Telegram*, but possibly we will find some way of taking out community subscriptions and passing the paper around.

There should also be contact with local radio stations and with any organization or group of people that will inform the public of what is intended under this legislation and what can be obtained through its provisions.

In conclusion, in the administration of this legislation we must do everything possible to bring the administration of it as close to the people as possible if we are to have any measure of success, limited though it may be.

Mr. Gundlock: Mr. Chairman, as this is the first time I rise to take part in a debate in the twenty sixth parliament I wish to congratulate you on your appointment, and through you offer my congratulations to Mr. Speaker and to the deputy chairman of committees. It is with great pleasure I join my congratulations with those of other hon. members of the house.

The resolution before us brings some questions to my mind, particularly in regard to the lack of definition. I do not want to prolong the debate, but I have one question related particularly to my area of southwestern Alberta, and especially the irrigation part of that area. I would like to know what the definition of a municipality is. Irrigation companies were mentioned by my hon. friend from Kootenay West, and incidentally he referred to himself as having a rural mentality. Well, if his is a rural mentality, then, having listened to his use of English, I am afraid I would have trouble defining mine, inasmuch as I am a farmer born and raised in a rural area.

An irrigation company formed under the irrigation act of Alberta is considered a municipality, and I believe it has been recognized in Ottawa as a municipality for the purpose of winter works. Would this kind of rural municipality come under the definition of a municipality as given in the resolution before us, and would it qualify for loans from the municipal development fund?

At the present time these municipalities or irrigation companies are facing a very acute problem. I remind the committee that a few days ago one of the ministers said his constituents were praying it would stop raining in his district. I understand he is not in the house today and that he is back in his constituency. I only hope someone will convey to him the suggestion that we would like his constituents to change their minds because there is in fact a great water shortage, and these municipalities would find a great boon in loans from this fund. I almost hope the legislation passes quickly because there is a great need for finance and aid to capital works in particular.

Some of the irrigation companies I mentioned are 75 to 80 years old, and their need for rebuilding capital works is very great.

Another question comes to my mind with regard to municipalities that are adjacent to larger urban centres or large army camps. These municipalities have to maintain roads which are used by these other people, and their financial problems are great on that account.

I would also like the minister to explain the forgiveness clause a little more fully. It may be the saving feature of the resolution, but I wonder. The borrowing power of a municipality is limited to certain things, regardless of whether money such as this is available or not. The fact that the federal government makes additional funds available does not necessarily mean that a municipality can borrow them. It may well be that there should be a new source of funds, but the basic problem is that many municipalities have used up their borrowing power. In fact it seems to me this could lead to the rich getting richer and the poor getting poorer.

The establishment of the board itself brings another question to my mind, and I hope you will forgive me, Mr. Chairman, because we all have to have our little bit of fun. I hope the Minister of Agriculture may become a member of the board that is to be set up because, in spite of his many, many travels, and the many days he spends travelling, I think he could possibly learn something from this board, particularly in relation to the irrigation companies of southern Alberta right on his own back doorstep. You are very kind, Mr. Chairman; I hoped you would forgive me.

I do not want to be repetitious, as previous speakers have said, but I do think this is a very serious matter. I did not, indeed, expect to speak at all on this resolution until the budget came down in this house last evening and I began to wonder about these things. Here is $400 million. Just one little part of a corporation or municipality could use a percentage of that amount. I can also foresee that one municipality such as Ottawa or Toronto might well take the whole amount. These considerations raised questions in my mind. I have not yet, unlike my hon. friend from Kootenay West, been able to describe my mentality, but for what it is worth, these are big questions. I seriously question where this money is going to be used, or what is the real purpose of this loan fund. Perhaps it will be made known to us. Perhaps it is explicit and clear in the bill, and if so I am sorry to have taken up the time of the committee. But I wanted to make sure that these questions were on record, and I hope they will be answered. As I said earlier, after hearing the budget and thinking these things over, such as $500 being taken out of one pocket and put in another, and wondering where the money is coming from, I decided that I should have a question or two answered in relation particularly to my area of Canada.

Mr. Woolliams: Mr. Chairman, I notice from the resolution that, like another resolution that was before the house, its real import is to bring in a program in order to remedy unemployment. I think the previous speaker referred to this measure as merely a poultice being put on the problem. I would describe it as merely a powder puff applied to the problem, because I recall very well that some time ago when the winter works program was implemented by the former Conservative government the then opposition called that program peanuts although $900 million, in cooperation with the provinces, was spent.

I still believe that with an unemployment problem the solution is to increase productivity. I want to emphasize, as I did yesterday, that in one year under the previous government productivity increased by 8 per cent. I believe that in order to keep productivity up we must leave working capital with industry, with the individual, so they may expand their businesses and take on people who are unemployed.

I am not going to pour cold water on the program, particularly, and say the government will not do something to help solve unemployment. I believe the Minister of Finance is quite serious when he says he thinks this legislation will in some way remedy the situation. But I say that when we are going deeper and deeper into debt it means more taxes, and more taxes means taking more working capital away from industry and individuals, which will cut down the expansion of the country. I was rather interested in listening to the hon. member for Medicine Hat a few days ago when he was speaking on the same subject. He was talking about the debt of the various provinces. This, after all, is a basic loan program and because we heard a great deal during the election campaign about debt free money and debt free provinces, it might be a good time to put on record just where we stand as far as debt is concerned, in western Canada particularly.

I am reading from page 1050 of the Canada Year Book for 1962. The debt of Alberta—that is, the provincial debt—is given as $221,504,000; Saskatchewan is $449,811,000; British Columbia is $650,707,000; Manitoba is $488,118,000. When you analyse debt you must concider that there is the debt of the municipalities and the debt of the provinces, and it is rather interesting to note that some provincial governments have been able to shift the responsibility very carefully to the municipalities. Although the province of Alberta has the lowest provincial debt, it has the highest municipal debt. I heard a lot about this during the last election campaign and the election campaign before that. As far as helping the municipalities is concerned, it might be well to keep the record straight in this regard. On page 1056 of the Canada Year Book we find that the municipal debt of Alberta is $444,754,000; for Saskatchewan, which has one of the lowest municipal debts—and I am sure the leader of the New Democratic party will be happy to hear these figures—the figure is $143,734,000; for British Columbia it is $383,210,000; for Manitoba it is $148,113,000.

In order to size up the provincial situation—because the municipalities are really a creature, by statute, of the provincial governments, under our constitution—it might be well to total these debts to see where the prairie provinces stand in this regard. In Alberta the total debt, adding together the provincial and municipal debt, amounts to $666,258,000. I might say that these two figures when added together constitute the highest debt in the prairies. For Saskatchewan the figure is $593,545,000; for Manitoba, $636,231,000; for British Columbia $1,013,917,000. So of the three prairie provinces Alberta has the highest debt when the debt of the provinces and municipalities is added together. I think the first thing to consider is that the municipalities are the creatures of government, and to finance their hospitals they rely on other governments to provide contributions.

I want to draw an analogy in this connection. The city of Calgary is the centre of a farming area and many of the rural residents come into the city and use the hospitals. So there is, I think, an obligation not only on the provincial government but on the federal government to make substantial contributions to the hospitals in that city. That is why I have always supported the Conservative program as far as hospitals are concerned, because they contributed 65 per cent of the cost. One of these hospitals is built in the city of Drumheller, which is in the riding of Bow River. I feel it is one of those institutions that serves the community from this point of view.

I would also refer to the schools program. Education has become very expensive. It is true that under our constitution education is the responsibility of the provinces, but I think it is also a responsibility of all levels of government to see that Canadians receive adequate education so they can take their place in society and, particularly, be trained for jobs. I have always said that there are not so many unemployed as there are unemployables.

The vocational training program was another program, I would remind the new government, put into effect by the Conservative government. Again, schools have been built in Alberta under this plan, as they

have been built in other provinces also. Seventy five per cent of the cost of these schools was paid by the federal government. Many of these schools bear the names of provincial premiers, and we have a new school that has just been opened in the city of Calgary, which is called the Ernest Manning school. Those programs did a lot to alleviate the unemployment that existed at that time.

I now come back to my original premise, Mr. Chairman, that in order to get full employment in this country we have to train our young people for these positions, but above all we have to have a level of productivity in the country that will enable them to find employment and further the development of industries and individual enterprises. When dealing with debt it is rather interesting to note that every time we go a dollar in debt we are curtailing our ability to produce. We hear a lot about the national debt, and I have taken the trouble to do some research on the subject. I went back to 1929, because under the Conservative government from 1957 to 1962—

Mr. Pickersgill: Mr. Chairman, I wonder if, without being offensive to the hon. gentleman, I might raise a point of order and draw Your Honour's attention to the resolution before us, which really does not appear to have much to do with the national debt or the provincial politics of Alberta. I suggest that the debate should be on the resolution before the committee.

Mr. Woolliams: On the point of order, Mr. Chairman, the resolution calls for a sum of money to be put up by the federal government for the municipalities, which comes out of the consolidated revenue fund and is to be paid either by the taxpayers of the country or by being added to the next deficit brought down by the next government, whoever it will be. Surely I am in order and my remarks are relevant to the subject in question.

If I may continue, the further we get into debt the more difficult it will be to bring the productivity of this country up to a high level and obtain full employment. In 1929 our gross national product was at $6 billion; our national debt was at $2 billion. The debt as percentage of gross national product was 36 per cent. By 1934, in the middle of the war years, the debt had increased from $2 billion to $9 billion, and the gross national product only increased to $12 billion. The debt as percentage of gross national product rose to 74 per cent. In 1952 the gross national product was $23.9 billion and the national debt $11.2 billion. The debt as percentage of gross national product was 45 per cent. Now, in 1957 when the Conservative government took office the gross national product was $33.8 billion. The national debt was $11 billion, and the debt as percentage of the gross national product was 34 per cent, which is 2 per cent less than the comparison between the national debt and the gross national product in 1929. In 1959 there was almost an identical comparison. Last year the gross national product rose to $40 billion, and the national debt was $13.2 billion. The debt as percentage of gross national product was 33 per cent. In other words, the debt as percentage of gross national product was reduced during the term of office of the Conservative government.

With regard to productivity, I say that this will put another charge upon the municipalities. I think the whole problem is that the municipalities, the provinces and the federal government are all striving for new avenues for revenues to meet various governmental expenditures. The federal government spends more money, which in turn means an increase in taxes. If we get down to the local level, on a home comprising 900 square feet, situated in the city of Calgary in an average area, the land taxes in 1951 were $201. Today they are over $400. On a house with approximately 2,000 square feet taxes were about $490, but today in Calgary they are $890. If we add further charges on the municipalities, this will mean higher land taxes, and believe me property owners at all levels are paying far too many taxes at the municipal level. There is also high taxation at the provincial level, and high income tax at the federal level.

The other day I asked a question in the house of the new Minister of Agriculture. I asked him whether he was still mayor of Calgary, and I throw this matter out as a question of propriety with regard to the resolution itself; because if this measure becomes law deals will be made between municipalities and the federal government. Here is a man in the cabinet holding two positions, and as a matter of propriety is there not the possibility that there could be a conflict of interest as far as this particular minister is concerned as mayor of a city and a corporation, and a minister in this government?

The Chairman: Shall the resolution carry?

Mr. Kindt: Mr. Chairman, it is with a great deal of pleasure that I rise to speak on this resolution. Its purpose is to set up a fund of $400 million to be lent to municipalities in order that they may undertake public works which may be started now or in the near future but which in reality were not planned to start until next year

or the year after. As I understand the wording of the resolution, the purpose is to induce these municipalities to undertake work now so as to provide employment. Whether the municipality engages in capital works projects which it had planned to undertake two or three years ago, or whether they undertake to do them now on the strength of getting a loan from the federal government, will depend on the conditions surrounding that loan. There is insufficient detail in the resolution before us to inform us of what the salient factors are to induce a municipality to take the government up on the proposition they are offering. In other words, there is no repayment schedule. Is this money to be repaid within one year, five years, ten years or twenty years? Is the loan to be amortized? Second, what will be the rate of interest? Third, how much of the loan is to be forgiven? Is there to be a flat forgiveness which would apply to all types of projects, or only on a particular project or in a particular area? Is it to be applied uniformly from one end of the country to the other, or is it to be staggered to meet new and changing conditions which are to be found in different areas? None of these matters is revealed, so we are not in a position to judge the merits of this plan and whether this proposed municipal development and loan board will accomplish the objectives stated.

Another point I might raise concerns the basis for making the loans. Are they to be made according to location, or are they to be made on the basis of the degree of chronic unemployment in an area? Are they to be made on the basis of locating projects where natural resources are greatest, in order to give the project the greatest chance of success? We are not told in this resolution whether the loans are to be made on the basis I have indicated or whether they will be made on some other arbitrary basis. It may even be that they are to be made on a political basis. Who is to get these loans? What criteria will be used by the government to determine their distribution? These are matters on which we have not been informed.

On the other hand, if such a board as this is to be created and if loans are to be made to get public works started, I think this proposition is a good one, to the degree that it will provide employment. As I see it, however, there is very little prospect of accomplishing the purpose set out in the resolution, and for this reason I prefer to withhold judgment until I have before me information on the matters to which I have previously referred, namely, the repayment schedule, the amount of forgiveness, the interest rates, the basis on which the loans are to be made and the working relations with the provinces.

With these few remarks I draw my statements with regard to the resolution at this time to a close.

Mr. Thompson: Speaking to this resolution which is to lead to legislation establishing a municipal development and loan board, I must say I am very disappointed with the resolution and with the legislation it will bring into being.

The stated purpose of this legislation is, in my opinion, wrong. One of the most severe problems in govermental financing in this country is the problem which the municipalities are facing. What we should be doing at this time is providing them with a source of capital for their capital development projects at low interest rates on a much more permanent basis than this resolution provides. With all its restrictions, this scheme will not begin to meet the needs of the municipalities as they have been expressed, now, for a number of years.

A few days before this resolution was introduced, the Prime Minister spoke about it to the convention of mayors and reeves in Toronto and it was with a good deal of fanfare as indicated in the press that he made his announcement and more or less invited the municipalities to come and get it. It was with great disappointment that some of these same men to whom the right hon. gentleman was speaking found that this fund had serious limitations and was not, in any case, intended primarily to help them in their over-all financial problems but was, rather, intended instead to bring temporary relief to the unemployment situation. Certainly, unemployment is a serious problem but the real responsibility of government is not to make jobs; rather it is to make sure that our economy is moving in such a way that there will be jobs for all our people who want to work. Therefore, the approach is backwards.

As I have just indicated, the most difficult financing problem in our country on governmental level is that which faces the municipalities. The Ottawa *Journal* of Thursday, May 30, reporting the speech of the Prime Minister to the confederation of mayors and municipalities used these words:

> The convention noted that municipal government today has 16.4 per cent of national tax revenue compared to 41.7 per cent in 1933.

The basic reason for this is that the tax fields which previously belonged to local and provincial governments have been so invaded by the federal government that there is not enough money left for local governments and

their projects. Second, the cost of capital has repeatedly and continuously cost more to taxpayers at municipal level, adding to the expense of the projects they are concerned with.

Here, example after example occurs to me. One which came to my attention arose in Vancouver. On March 30, 1962, the city of Vancouver paid the last instalment on a $100,000 loan which had been made 50 years before in 1912. It was discovered, while checking the amount of money which had been paid in return for this loan, that the taxpayers of Vancouver had paid $345,000 in this interval of 50 years—$245,000 for interest and $100,000 for the project. What was the project? It was for the installation of board sidewalks which had rotted away 30 years before, to be replaced by stone or concrete sidewalks at a still greater cost.

In Saskatchewan the other day I was attracted by a picture in the press of the beautiful legislative building in the queen city of Regina. My eyes were drawn to a headline just below the picture which said the last instalment on the loan to defray the cost of the legislative building had been paid after 51 years. Reading more closely, I found the taxpayers of Saskatchewan had paid $9,700,000 for this building. In making up that sum, $2 had been paid in interest for every $1 put into the construction cost of the building.

We can go right across Canada and find that most of our municipal projects are in a similar position in this respect. Unless the federal government meets this problem of municipal finances our municipalities will not be able to provide the capital services for which construction they are responsible.

The hon. member for Bow River has been talking about aid to municipalities in Alberta. As an Albertan, and a responsible one, he should be ashamed of some of the things he said in this connection, because he was distorting the facts in such a way as to give another impression altogether from the true one. The government of Alberta, believing that social capital is in an entirely different category from commercial capital, has set aside a large capital sum in a revolving fund for the use of the municipalities. They thus can come to the province and borrow the money they need for their projects, repaying the sum borrowed over a period of time. The money repaid goes back into the fund and is available to be used again. The hon. member talked about the high level of municipal debt in Alberta. It is simply money owing to the province which the province could cancel at any time, and no one would be the worse for it. Furthermore, interest charges on these loans, which are far lower than commercial interest rates also go back into this revolving fund. What is the result? Every one of the towns in Alberta has sewage and water services and the vast majority of the villages have, too. This is something which is not equalled by any other province in this fair Canada of ours.

But even this is not sufficient because no province has sufficient income to provide the capital necessary for the capital development of its municipalities. Therefore a few years ago the province of Alberta set up a municipal finance corporation using the credit of the province to borrow money at a lower rate than the municipalities could in order to enable the municipalities to go ahead with other aspects of their capital development which were necessary.

This all leads us back to this very point, that unless we have a proper source of social capital the public works development of our country cannot go ahead as it should. It has been estimated that within the next 10 years we will need at least $10 billion for the public works development of this country, and if we are going to depend upon commercial capital with its tremendously high rate of interest, as we are now doing, then either we are going to go bankrupt as far as our municipal governments are concerned or we are not going to fulfil our own responsibilities in developing the country as it should be developed.

This is why the piece of legislation we have before us is so vitally important at this time although in its present scope it is entirely inadequate. Referring to the report of the Prime Minister's speech to the conference of mayors and reeves, as found in the *Globe and Mail* of May 30, I find that he said that the federal government—

> —has no intention of competing with or replacing existing sources of finance. "Our purpose is to provide an additional source so that municipalities can undertake more capital works on terms they can afford," he said. "That will be the purpose, the extent and the limit of our involvement."

Therein is a frank admission that this legislation does not in any way meet the needs we now have in the country. Not only is this indicative of the shortcomings of the legislation but it is also wrong in that it confuses our capital needs by implying that they can be met from commercial sources as far as social or public development is concerned.

We in Social Credit have maintained for a long time that there are three different types of capital in our economy, and unless we recognize these types of capital we are never going to solve our economic problems. First of all, there is tax capital. Tax capital is money that governments legitimately take from the taxpayers in order to pay for the services which the taxpayers of the nation

expect governments to supply to them. The only source of tax capital is out of the pockets of our citizens. It does not come from any other place. It cannot come from any other place, and in so far as it goes to pay for the services which the government supplies it is proper. There is nothing wrong about it.

The second type of capital is commercial capital. It can be called industrial capital or subdivided into different categories but basically it is the type of capital that goes into our economy to develop our resources and to carry on our commerce on a private enterprise basis. This should come from our savings, from our credit, and from our own investment as free citizens in a free nation living under a private enterprise system. This kind of capital goes to work and produces a profit. In the spring the farmer prepares his seedbed, sows the seed and ultimately reaps his harvest. In order to do this he goes to the bank in the spring to borrow the money necessary to pay for his fuel and seed, for the help he needs and possibly for equipment and in the fall he pays back the money out of what he has earned from that which he has produced. This is legitimate. If the private enterprise economy is going to survive in this country I maintain that commercial capital must be free to serve its intended purpose instead of being largely directed into government guaranteed bonds to carry the cost of capital development which belongs to the third category of capital.

The third category of capital is social capital. This is the meaning of Social Credit. A lot of people say to me that they do not understand what Social Credit is. Social Credit actually means social capital. Social capital is that capital which supplies our social and public needs as far as the development of the country is concerned. I was pleased to see that in the budget last night the Minister of Finance actually used the term "social capital", because this is what the capital is that we use for our public works. It builds our bridges, it builds our hospitals, it builds our schools, it builds all of those things which do not make a profit and which we will one day pay for out of our tax capital, but which we do not have the reserves for at the present time and therefore must go out and borrow the money.

To borrow this money in the commercial market with a government guarantee behind it robs the commercial market of the vital capital we need for carrying on private enterprise within our economy. We in Social Credit maintain that this social capital should be available from the national bank, the central bank, the Bank of Canada, without the high cost of interest that makes the cost of money for our capital works projects at the present time more expensive than the projects themselves. If we did provide the capital for our public needs through the Bank of Canada without the high cost of interest, but merely a service charge to pay for the administration of the funds, we would be doing more than anything that has yet been proposed and at the same time would be giving the assistance that is so desperately needed with respect to the problem of municipal finance.

Education is one of the major costs of local government and repeatedly local governments say that they cannot continue to supply the educational services and facilities that our country needs under their present set-up simply because they do not have the money. Therefore they say that the senior government must help them in this need. They forget, when they ask the senior government to supply them with money to aid in the cost of education, that the senior government has no money except that which it takes from the taxpayers' pockets. It is the same source from which local governments obtain their tax capital. Pushing the problem farther away is certainly not helping to solve it.

Therefore unless we recognize the fact that there is a need for social capital through the Bank of Canada, which is our bank—it belongs to the people of Canada—on a basis, yes, of debt free money, we will never be able to solve the basic economic problems that we face now. All we are doing is rubbing liniment on an ache or pain that has a cause which goes much deeper. Until our Minister of Finance recognizes that very point the only kind of budgets he is going to be able to bring down are Conservative budgets, as was the budget he brought down last night. Actually there was not basically very much difference between the budget we had last night, even though it was called a face the facts budget, and the budgets we have had in the last number of years which have all resulted in large deficits.

So much have these deficits accumulated today that the gross debt of our nation is practically $25 billion, and the more than $900 million that we will be spending to pay the interest on this debt is the second biggest single expenditure of the government, second only to that for defence. Therefore we in Social Credit maintain that social capital must be recognized as a separate category of capital and that it must be supplied through the national bank, the Bank of Canada, without the exorbitant cost of interest. We say that this would lower the cost of all of our public projects from at least one third to 40 per cent. Any of you who are mayors or

councillors, yes, even commissioners, and who are intimate with the problems of municipal finance know that the basic reason we cannot go forward with the expansion and development of our cities, towns and municipalities is the debt load that bears upon local governments through interest charges on debt. This is because this social capital has been taken from the commercial market.

This legislation simply does not reach down to this problem. All that it does is to offer some palliatives which will be helpful for the time being. It fails to get down to the basic problems of municipal financing. Thus, Mr. Chairman, while we are willing to give our support to this resolution, we do so with very strong reservations because we realize that somewhere down the road, and not very far down the road either, there must be a different approach.

The alternative, in my opinion, would be to set up a municipal development bank as part of the Bank of Canada. This bank could be given the necessary reserves from the government with authority to expand those reserves according to what are common fiscal policies today. This capital could be used by the municipal governments, as they meet the requirements of their provincial governments, and by the provincial governments themselves. Yes, it could even be used by the federal government for its public works expansion. There would be no infringement upon provincial economy because this bank would operate in very much the same way as the industrial development bank operates today. Provided the credit record of the municipalities meets the standard requirements, and provided the provincial requirements were met as well, the municipalities could present their debentures to this bank and get the credit they need.

As this money comes back, it enters into a revolving fund. The revolving fund then puts this money out to use over again. Our capital needs will be much greater today than they would be a little later because, as this money came back, it would be there to be used over and over again. It is interesting to note what the industrial development bank has developed into. It was intended originally to provide commercial capital from public sources for hard to finance risk projects. Within the concept of that brief definition, this bank has served a very useful purpose.

However, let us look at just what is happening today. Commercial capital is difficult to obtain for practically all types of long range development. Since this is the case, we find commercial enterprises turning more and more to the industrial development bank to obtain the capital that normally they should be able to obtain in the private market which represents the private savings and investments of our citizens. The industrial development bank has actually become a bank in that it, itself, is expanding its reserves. But today it is defeating the very purpose of our private enterprise economy because it is unfairly competing with our own private savings, our own private investments. Private enterprise is compelled to follow this course because there is not an adequate source of commercial capital to meet both commercial and public needs. Therefore, the industrial development bank is used.

I noted with interest that the speech from the throne made the point that the government expects or intends to set up a corporation through which there can be investments made by our own citizens in a special fund to provide special risk capital. This fund would provide capital in a similar way to that in which the industrial development bank does now. This is a lead that was taken last year by the government of the province of Alberta and, within the scope of the definition of the three types of capital which I have just mentioned, it is a legitimate source of capital, with the necessary guarantee of the government, which many of our hard to finance projects require. If this idea were developed along the lines upon which it could be projected, then the industrial development bank would not be nearly as necessary as it is today.

What could be done, and I make this suggestion to the minister as a very practical suggestion, is that the industrial development bank could then become the municipal development bank. It could supply our municipalities with the social capital that we need. There is no doubt about it, Canada is overburdened with a heavy load of debt. This load of debt will cost us more than $900 million in interest charges this year. Consequently our country is not expanding as it should in so far as public works are concerned. We have not yet completed the first trans-Canada highway. A large portion of it remains to be initiated, let alone completed. Although it has not been completed, we already have need for a second trans-Canada highway. There are the ever increasing needs of universities and schools. So far as university education is concerned, we have not yet felt the impact of the population increase which followed world war II. We must provide in Canada the housing facilities for twice as many school children as we have at the present time.

Let us look at the hospital situation. It is a shame that in Canada, where we have people sitting around waiting for work, where

we have the materials necessary, the initiative and enterprise to put these two elements together, that we cannot build enough hospitals and equip them to take care of our sick people. This is a situation that is prevalent right across the country. There are bridges, highways, schools and hospitals to be built. One could prepare a very large list of public works that should be completed before our centennial in 1967. The cost of such a project would be in the neighbourhood of $2 billion or $3 billion.

Where are we going to get the money? This is the question that faces us. If we did have the capital for these projects we would not be worried about unemployment. There would be a sufficient number of jobs for all unemployed people. The purpose behind a municipal development bank would be to supply this capital and would not be, basically, to provide jobs. If the capital were supplied, then the expansion would go forward and, as a result of that there would be jobs because the economy would be expanding.

So, Mr. Chairman, I cannot emphasize too greatly the need for the establishment of a municipal development bank which would be an integral part of the Bank of Canada and which would supply the social capital the country needs to develop the public works projects. In the meantime, since we do not have such a bank, we will have to say that this municipal development loan fund is a temporary measure which will only partially solve these pressing problems. We give it our support, although we regret that the minister has seen fit to attach so many limitations to the use of this money. Obviously, in the few days that have passed since the election, there has not been time for the minister to lay out all the facts necessary for the development of a complete program. We urge that when he has time to consider a complete program he seriously consider the urgent need for the establishment of a municipal development bank, as part of the Bank of Canada, to supply those tremendous amounts of social capital that our country requires. The adoption of this course would avoid the necessity for our citizens paying for these projects two or three times over simply because the interest cost is more than the capital costs of these projects.

Mr. Diefenbaker: Mr. Chairman, hon. members have been waiting to hear from the Minister of Finance and a great many questions have been asked. I have further questions that I wish to ask after he does the committee the honour of telling us what the situation is in answer to the various questions that have been raised. I particularly want to know what his answer is regarding consultations with the provinces, and in this connection I look back to 1958 when the municipal loan fund was referred to in a Liberal program.

In that historic document entitled "The Pearson Plan" it stated this:

> A Liberal government would establish a municipal loan fund in order to make available additional finance on a long term basis for major municipal improvements.
>
> Readier availability of funds would make possible an immediate start on municipal works now awaiting financing and thus quickly provide jobs throughout Canada.

But the second part is this, to which no reference has been made yet, and about which I made inquiry when I spoke on June 11:

> The exact scope and administrative set-up of this fund would be settled in consultation with representatives of the provinces and municipalities.

I would impress upon the minister that those words in the 1958 declaration were very significant. Those words represented the Prime Minister's view at that time. He made it very clear at that time that this was his particular baby, and I am now asking once more that the minister let the house know exactly what is taking place with regard to settling this matter in consultation with representatives of the provinces and municipalities.

I would also like to know the basis upon which the estimate has been made as to the number of jobs that would be available, and also the nature of the board and the powers it would exert.

I listened with a great deal of interest to the hon. member for Red Deer as he revealed this great plan, and I would like to hear the minister's view today as to whether he still agrees with the vote he gave on November 6 last in support of the Social Credit amendment at that time in favour of debt free money.

As I listened to the hon. member for Red Deer today I would have been very interested to know the degree to which these nebulous things have been carried into effect in the province of Alberta. Certainly I could say, after listening to him, that if his plan does work nobody would, but I have never heard it explained. We have heard the same old story over and over again, but he never tells us where the money is to come from.

Mr. Thompson: Where does it come from today?

Mr. Diefenbaker: I would like very much to hear where it comes from in the estimate of the hon. member.

Mr. Thompson: You tell us.

Mr. Diefenbaker: We have heard his policy enunciated over and over again. It is just

a series of words without any factual background, and he does not tell us anywhere in the world where it is working. That is the interesting thing. What have they done in Alberta and British Columbia to carry out this nebulous policy?

Mr. Thompson: Where have you been all these years?

Mr. Diefenbaker: Look at the records today of the debt on those two provinces. Apparently they carry out orthodox financing, but the hon. member enunciates generalities and then comes before the house and the country and says, "I have got the solution to all these problems," and then goes on to say the same thing over and over again.

I would ask the minister to place before the committee not only the answers to the two matters I brought to his attention but also the answers to the many other questions that have been asked. I know there is a desire at this time to give the minister an opportunity to make a statement, and I do not want to say anything that will hold him up, but I do feel the committee has the right to know what consultations have taken place and whether the governments of any of the provinces have accepted this plan. I would also like to know to what degree did the ultimatum on the part of Mr. Lesage, reinforced by one of his ministers, affect this plan.

Mr. Pickersgill: Mr. Chairman, as the Leader of the Opposition has indicated, it is the desire of the Minister of Finance, if he could have leave when the Speaker is in the chair, to make a brief statement after asking for leave to revert to motions. For that purpose I intend in a second or two to ask that the committee rise, report progress and ask leave to sit again, but before doing so, in view of the interesting queries by the Leader of the Opposition and the obvious interest there would be in having a reply from my hon. friend, the Minister of Finance, I just wonder if it might possibly be the sense of the committee, and if I might ask at five o'clock whether the house would be prepared to go back into committee so that we could continue this debate, on the understanding that the private members' hour would not of course be sacrificed, and that it could be held later on. In that way we can get the minister's statement right away, if that would meet with the general wishes of the committee. I am just indicating that now, and I will make the formal request at five o'clock.

I wonder if I might move now that the committee rise, report progress, and ask leave to sit again later this day or the next sitting of the house, as the case might be.

[Mr. Diefenbaker.]

Mr. Knowles: Does agreeing to this motion involve concurrence in the two other suggestions the Secretary of State has made? I understand there is a suggestion that the Minister of Finance be allowed to make a statement, provided opportunities are availstatement when Mr. Speaker is in the chair, and then a further suggestion that the five o'clock hour be given up. I think the committee should know what some of us think about these two suggestions.

Mr. Pickersgill: Perhaps I was wrong in assuming there would be general agreement to let my hon. friend, the Minister of Finance, make a statement which would be in government time, not private members' time. There would be an opportunity for hon. members in opposition to make comments on that statement, and that is why I am doing this at ten to five instead of five o'clock.

Mr. Knowles: Mr. Chairman, we would not object to the Minister of Finance making a able for other hon. members to comment and ask questions, because I understand the minister wishes to speak about something questioned on orders of the day and we would not want to be restricted to one statement by each of the parties.

With regard to the other question of giving up private members' hour, I think it is unfair day after day to ask that private members' hour be given up.

The Deputy Chairman: Is it agreed that the committee rise, report progress and ask permission to sit later this day or the next sitting of the house, as the case may be?

Some hon. Members: Agreed.

Progress reported.

THE BUDGET

STATEMENT AS TO OUTSIDE ASSISTANCE IN PREPARATION

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, may I ask leave of the house to revert to motions in order to make a brief statement?

The Acting Speaker (Mr. Batten): Does the Minister of Finance have leave to revert to motions?

Some hon. Members: Agreed.

Mr. Knowles: Yes, Mr. Speaker, on the condition indicated a moment ago when we were in committee of the whole.

Mr. Gordon: With the approval of the house I should like to make a brief statement regarding assistance in preparing the budget. This morning some hon. members

raised questions in the house concerning personnel participating in the preparation of the budget. Officials of the Department of Finance and several other departments, including justice, national revenue, labour and the Bank of Canada have participated actively both in the discussion of proposals and in the drafting. In addition I had the assistance of three special consultants who joined the Department of Finance on a temporary basis shortly after the government took office, because of the very heavy volume of work involved in preparing legislation and in minimizing delay in presenting the budget. Work on the budget was, of course, late in starting because of the general election. The objective was to furnish a national accounting at an early date.

Approval for these appointments was authorized by treasury board minute No. 610618 dated May 2, 1963. All of these special consultants took the oath of allegiance and the oath of office and secrecy. All have been working full time since they joined the department on April 22. The individuals mentioned are Dr. M. P. O'Connell, of Harris & Partners in Toronto and a former professor of the University of Toronto, who is a specialist in the field of municipal finance. Mr. G. R. Conway, C.A., who has a special knowledge of the tax system and is a doctoral student at Harvard, was asked to join the staff of the royal commission on taxation early this year. I was able to arrange for him to join the Department of Finance for a short period before he goes to the commission. Then there was Mr. D. C. H. Stanley of Wood, Gundy & Company, who has many years of experience in the investment field. Incidentally, Mr. Speaker, Mr. Stanley is no stranger to the public service, having been granted leave last year to serve the royal commission on banking and finance.

I regret my hesitancy this morning to reveal the names of the three individuals I have mentioned. This hesitation stemmed from my feeling that the budget is the product of the work of a great number of departmental officials and I did not think it fair to single out individuals for certain attention.

Mr. Churchill: That was not the reason.

Mr. Gordon: Since these three gentlemen had all taken the necessary oaths, it did not seem to me that there could be any special question about their status. However, it now seems desirable that their names should be made public and certainly I have no reason to make any mystery of them. In doing this I wish to express my personal thanks to these gentlemen, along with all the other people who have assisted me so greatly since I became Minister of Finance. I hope they will be able to continue to help me in the future. I should like to reiterate that I accept full responsibility for the budget and for the secrecy maintained in the course of its preparation. Subject to this principle of ministerial responsibility, it will be the policy of this government to continue to seek specialized advice and assistance from experienced people in all walks of life and all occupations whenever this may be in the public interest.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, it is a strange thing that the minister should have adopted so surreptitious a manner of answering questions today in the face of the simplicity of the answer which he now gives, because he certainly was a sorry figure in the manner in which he acted this morning. Parliament is entitled to information.

An hon. Member: You have got it now.

Mr. Diefenbaker: The fact that he assumes responsibility for the secrecy of the budget is no answer to the request for information that was made. However, I can only say that I hope his experience today will be a salutary lesson to him and to other ministers like-minded, that when parliament asks for information, the information should be provided, rather than a series of evasive statements which result in an accumulation of suspicion which had to be answered frankly this afternoon by the minister. It should be a good lesson to the minister and others associated with him.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I do not think this is a very satisfactory way of dealing with the question that was asked this morning by my colleague the hon. member for Port Arthur (Mr. Fisher). We are now simply being given a statement with very little information and I think the Prime Minister (Mr. Pearson) and the house leader for the government ought to provide an early opportunity for a much fuller discussion of this very serious question.

An hon. Member: Oh, no.

Mr. Douglas: Someone says "Oh, no". I would point out that it is a standard procedure in Canadian and British parliamentary life that no persons other than members of the government and officials of the government shall have any knowledge of what is in the budget. It is not many years ago that a chancellor of the exchequer in Great Britain, the Right Hon. Hugh Dalton, resigned because of the very minor indiscretion of telling a newspaperman, on his way into the house to make his budget speech, in a general way some of the contents. This is a

much more serious thing. This is not someone being told in a casual conversation five minutes before the budget is delivered, but persons outside of the government who worked with the minister in the preparation of the budget.

There are some questions on which we would certainly like to have further information. Did these men continue their association with the investment companies with which they were connected? Have their services with the government now terminated? Have they gone back to work for these companies? Was there any way in which these persons could personally gain as a result of the knowledge which they secured during the preparation of this budget? The minister has either said too little or too much, and I think the house should seek an early opportunity to get a great deal more information on this question than we have secured up to the present time.

Mr. Gordon: Mr. Speaker, I am sure the hon. member for Burnaby-Coquitlam (Mr. Douglas) would not wish to cast any doubts or aspersions on the character and honesty of the three gentlemen who have been helping me. As I said in my statement, they were officials of the department; they were appointed by order in council and they took the oath of secrecy. In those circumstances I think that any suggestion that they would do anything improper is something that is hardly fair to the three people in question.

Some hon. Members: Hear, hear.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the minister if he would—

Mr. Churchill: Mr. Speaker—

Mr. Fisher: —give us more detail about the relationship—

The Acting Speaker (Mr. Batten): Order.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I wonder if I might ask the indulgence of the house generally to permit any reasonable additional questions being asked about this matter, because I feel sure the whole house wants to have full information.

Mr. Kindt: Why do you butt in all the time?

The Acting Speaker (Mr. Batten): Is it agreed?

Some hon. Members: Agreed.

Mr. Fisher: Would the minister tell us what has been the relationship between these gentlemen, particularly the two who had an active business connection with their firms during this period? Are they still on salary, for example, with their firms? Have they still been carrying out duties on behalf of their firms? It is all very easy for the minister to bifurcate their role in time, but it may be more difficult for the individual himself to do that. I should also like to know what precedents he has found within his department for this kind of action, whether it has taken place before and whether he can show us that this is an old tradition. I should also very much like an answer to the question which was asked by my leader relating to the role these men are in today.

Mr. Gordon: I will be glad to answer those questions, Mr. Speaker. The two gentlemen referred to were given leave of absence by their firms. They were paid by their firms. They have not been back to their firms but have been working full time for the Department of Finance. As to precedents, I cannot give many because I have not looked the matter up, but I can cite one precedent which occurred in connection with the 1941 budget, I think it was, when I served the then minister of finance in exactly the same way and on exactly the same terms that these three gentlemen have just been serving me. With regard to the question as to what is their status now, they are in the same position as they were on May 1; they are still serving the Department of Finance and I hope they will continue to do so for at least some weeks to come, perhaps longer than that.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, did I hear the minister correctly to say that these people were picked to work for the government while still being paid by their firms? If he did say that, I would suggest that, in my opinion at least, that is completely wrong. If the department is short of competent people to do a job and needs to bring in people from outside, even if this has been past practice and there may be a case for it, to expect people to work for any department of the government and to give their all while they are in fact being paid by outside companies to which they are going to return I suggest is completely and morally wrong.

Mr. Gordon: All I can say to that is that I did exactly the same thing myself on more than one occasion, and as far as I can remember the department and the government of the day were quite satisfied with the help I was able to give them. I think this has been true on other occasions with many other people.

I should like to say one word about this. If governments in this country particularly are to get things done and get the best advice possible, which is sometimes needed for short periods only, they must as a matter of policy

feel free to call in people who are experienced in the fields in which the government seeks advice. I hope we will see a great deal more of this in Canada. It seems to me that this is what we need. For example, if the government decided to bring in legislation in the field of labour, I cannot see any harm in their consulting people in the labour movement or, if the labour movement were willing, in asking for one or two people to be seconded to them for a short period of time.

Mr. Churchill: But this is the budget.

Mr. Diefenbaker: I would suggest this to the minister, that the analogy does not apply. Is it not quite different to deal with a financial matter than to deal with labour relations? When the minister has gone beyond what ordinarily takes place—I know I am speaking again and I should not, and neither should he, but we are being very free at this time in view of the peculiar circumstances. Is it not a fact that the essence of budgetary secrecy under the British system is that in the United Kingdom no one knows of the particular contents of a budget excepting the chancellor of the exchequer and those within the civil service who operate with him and the prime minister? No one else has that information; so far as the cabinet is concerned it just receives a general outline. In the particular circumstances relating to the preparation of budget matters of financial importance in respect of which illicit profits could be made, is it not necessary that under no circumstances should individuals be called in from outside, who, no matter how honest and whatever their integrity may be, are placed in an impossible position? I must say, after listening to the minister that I am more convinced than ever that it will be necessary for the house to look more fully into this matter.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask the minister a question based on his statement that he thinks that more of this should be done. I should like to ask him what he thinks the further pursuit of this policy will do to the status of deputy ministers and other full time civil servants. I got the impression from what the minister said that these three gentlemen, whose names he has now given, took precedence over the deputy minister of finance and other top civil servants in the preparation of the budget. We have the right to assume that the work done for us by the civil service is done by people who parliament knows are employed on a permanent basis. I should like to ask whether these people were given a position of precedence over those in the department who would normally do this work, and is there any relationship between this and the request of the deputy minister of finance to be moved to another position?

Mr. Gordon: I should like to answer that question, Mr. Speaker. These three gentlemen did not have precedence over the officials in the department. Each one of them has specialized and useful knowledge in a particular field which was made available to the officials, and most certainly this has nothing to do with the change in position of Dr. Kenneth Taylor, for whom I have the very greatest regard, respect and admiration.

Mr. Martineau: Might I ask the minister whether these three special assistants had access to the final draft of the budget before delivery to the house?

Mr. Gordon: As members of the staff of the Department of Finance they and other senior officials did have such access.

Mr. Douglas: Mr. Speaker, I just want to say a final word at this time, although I think more should be said about it later. The minister said that he was sure I would not want to cast any reflection on the honesty and integrity of the three gentlemen in question, and that is perfectly true; I have no desire to question their motives in any shape or form. I am taking strenuous objection, however, to a departure from an established principle, namely that persons outside the government service should be privy to information to which no person outside the government service is entitled. It is not a question of whether we trust this or that individual. It is whether or not we place any individual in a position where he can have information which can be personally gainful to him. In order to remove such temptation this has been a standing rule.

I am, frankly, appalled that the minister should say we should have more of these people in, using them as advisors and leaving them on the payrolls of the companies from which they come. If the government needs to bring in advisors from time to time, surely they ought to be hired by the government, paid by the government, and wholly under the control of the government during the time they are employed. To ask any man to serve two masters, to be working for the government but receiving pay from his own company, is putting a strain on that individual to which no person ought to be subjected. When the minister tried to draw the analogy of bringing in someone to advise on legislation, surely that was drawing a red herring across the trail. Obviously, from time to time people will be brought in to advise on legislation, but that is a totally different thing

from helping to prepare the budget. While we may take strenuous objection to the budget being inclined toward Bay street, we take even stronger exception to Bay street itself drafting the budget.

Mr. Pickersgill: I wonder if I might again raise a point of order in the most non-controversial way possible.

Some hon. Members: Again?

Mr. Douglas: Is the hon. gentleman rising on a point of order?

Mr. Pickersgill: Yes, I am. I asked the house to give consideration to extending the time for the purpose of having additional questions asked of the minister, questions to which he made an endeavour to reply. I think that was reasonable. I took no exception when the hon. member for Burnaby-Coquitlam replied to a point made by the minister. But it does seem to me that perhaps the hon. member for Burnably-Coquitlam was right in saying there might be an occasion set aside for debating this question, though the occasion is not now.

Some hon. Members: Why?

Mr. Pickersgill: It seems to me the hon. member for Burnaby-Coquitlam is now going beyond the purpose for which the house gave unanimous consent.

Mr. Douglas: On the point of order, the leader of the house certainly has a most elastic notion of the rules. He was prepared to give the widest possible latitude as long as the minister was making an explanation or providing an alibi for his action, but the moment someone seeks to comment on the situation he wants the rules enforced.

I do not intend to pursue the matter at this particular time, but I would say that if the minister has the right to make a statement trying to cover up what I think is an unfortunate situation, any member of this house has an equal right to reply and to comment on that statement.

Hon. George C. Nowlan (Digby-Annapolis-Kings): I am inclined to agree with the leader of the house. I understand that this started out as an informal statement on motions. We have a definite rule that a matter which has been debated cannot be raised again in debate. It should be made very clear by you, sir, that this is not a debate and it therefore does not preclude the matter being raised at whatever suitable opportunity may arise—and I hope a suitable opportunity does arise by arrangement, because this is one of the most important subjects which could be brought before the house. In fairness to the house, to the budget which was brought forward last night and to the people concerned, I believe it should be dealt with in the immediate future.

Mr. Pickersgill: I am in complete agreement with what the hon. member has just said. I hope no hon. member would regard what has happened up to now as constituting a debate or as being anything other than comment on a statement made on motions. There will certainly be no effort on the part of the government to prevent the fullest possible debate of this matter at an appropriate time.

Mr. Knowles: Perhaps I may say a word on a technical point. I am sure the leader of the house would agree with me. I think the importance of this incident is such that the record of what has happened should appear in *Hansard* at this point in the day's proceedings. As the Secretary of State knows, sometimes when a subject is brought up again later in the day, *Hansard* uses the word "later" and places the report earlier in the proceedings. I think it should be clear in *Hansard* that what is happening now happened shortly after five o'clock.

Mr. Pickersgill: I trust the editor of *Hansard* will take note of what the hon. gentleman has said.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if I might now make a request which I indicated earlier I intended to make. If hon. members do not wish to accede to it, that is perfectly all right. My suggestion is that we should go back into committee again to continue the debate which was interrupted at five o'clock. The government would give an undertaking that the hour, part of which is gone anyway, would not be taken away from private members during the session.

The Acting Speaker (Mr. Batten): Is it agreed?

Some hon. Members: Agreed.

Mr. Douglas: On the question which was raised by the Secretary of State, I think it is unfair to ask hon. members from time to time to give up the private members' hour. There are a number of private members' bills, and if this hour is taken up with government business it means that all of them are put back another day. It seems to me unfair that each time private members' hour come along pressure should be put on one hon. member or another, and I think it would be better to allow whoever is concerned to go ahead with his bill.

Mr. Pickersgill: I had thought there was unanimous consent but, if not, we shall proceed with whatever is left of the time of the hon. member who, in any event, is done out of 20 minutes of his hour.

The Acting Speaker (Mr. Batten): It was my understanding there was agreement that I should now leave the chair.

Some hon. Members: No.

The Acting Speaker (Mr. Batten): I shall be guided by the wishes of the house.

An hon. Member: Private members' hour.

The Acting Speaker (Mr. Batten): It being five o'clock, the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills.

SMALL LOANS ACT

AMENDMENT REQUIRING STATEMENTS OF TRUE INTEREST RATE CHARGE

Mr. David Orlikow (Winnipeg North) moved the second reading of Bill No. C-9, to amend the Small Loans Act (advertising).

He said: Proposals such as I am making today have been made on many occasions to this house and by members of the other house. They have been made by members of all parties in Canada, by President Kennedy and by various governors of states in the United States.

The question has arisen continually because of the tremendous increase in credit which we are witnessing. One has only to look at statements which are issued from time to time by the dominion bureau of statistics to see what is happening in this country. A bulletin issued by the d.b.s. in June, 1962, shows that consumer credit increased from $492 million in 1954 to $772 million at the end of June, 1962. Cash loans increased from $209 million at the end of 1954 to $579 million at the end of June, 1962. Department store credit increased from $186 million at the end of 1954 to $364 million at the end of June, 1962.

The Bank of Canada in its statistical survey for September, 1960, indicated that total loans to consumers by finance companies and retailers had gone up steadily. In 1957 the total for such loans was $1,968 million; in 1958 it was $2,030 million; in 1959, $2,205 million and in 1960 it was $2,253 million.

I am not suggesting that consumer credit ought to be cut out completely, but when we realize the tremendous and fantastic rates paid by people, when we realize that they are paying anywhere from 30 to 50 per cent annually because the terms of credit they are getting have been hidden through relating them to monthly payments and by adding fees, charges and discounts of various types, then we realize that the consumer in fact finds it completely impossible to know how much he is paying.

The proposal in this bill is that the Small Loans Act be amended, therefore, to require any moneylender or small loan company, in any advertising in which the amount required by way of monthly or periodic payments in order to repay a loan is indicated, to state what the cost of such loan amounts to in terms of per centum per annum. I have in front of me, Mr. Speaker, an advertisement which appeared in the Winnipeg *Free Press* on June 11, 1963. It is a fairly large advertisement by World Financial Systems Company Limited. The advertisement is headed up in this way: "How You Can Get A Loan Of $1,525 to $5,000 If You Can Pay Back $33.70 A Month". I should like to quote part of the advertisement.

> Here's your chance to get the money you need to consolidate all your bills, pay off a mortgage or for any other worth-while purpose. We specialize in lending money to employed men and women. We cut out all the red tape. Because we want to lend you money—
>
> All we ask of you is this: The ability to pay back the small monthly payments without hardship. In other words, if you can pay back $33.70 a month we'll give you $1,525 in cash. If you can pay back $44.20 a month we'll give you $2,000 in cash. And if you can pay back $66.30 a month we'll give you $3,000 in cash.
>
> It's as simple as that. No endorsers or bankable security required. Your friends, relatives or employers won't be asked questions.

Then they go on to give examples of loans. If you receive $1,525 you pay $33.70 a month. If you get $2,000 you pay $44.20 a month. If you receive $2,500 you pay $55.25 a month. If you receive $5,000 you pay $110.50 a month. Nowhere in this advertisement is there any indication of how many months you have to pay the small monthly payment. Nowhere in this advertisement is it indicated what the rate of interest is. I am sure that if you follow their advice and call on them they will tell you, of course, before making you a loan how many monthly payments you will have to make; but they will certainly be very careful if they can, not to tell you what the annual rate in simple interest is, because if they do many people will think twice or three times about whether they ought to take such a loan.

I am sure most members of the house will have had examples in their own constituencies of the kind of practices that are being carried on. In a very interesting memorandum presented to the government recently by the Confederation of National Trade Unions they give some examples and I

want to take the liberty to quote several of the cases they use to indicate the emphasis they put on getting legislation to control the borrowing of money. Here is one case they mention. A man borrowed $1,000. In the course of two years he paid $340 on his loan. The interest for 24 months was $298 and of the $340 the actual amount paid on the original loan was only $42, so that at the end of two years, having paid $340, he still owed $958. The organization analysed the loan and pointed out that during the course of seven months less four days the man had paid an amount of $120, only $10 of which had been applied against the capital. They compare this with what would have happened if the same man had borrowed from a credit union. They point out that in the two years the man would have paid interest of $110 and $230 on the original loan and that at that time the debt would have amounted to only $770.

This is the kind of thing which is going on continuously and members who want to check loans made from the large finance companies like Household Finance, Beneficial Finance and so on will find out that this is the practice followed by all these companies. Not only those companies which lend money directly follow this practice. Companies that sell furniture and companies that sell cars follow the same practice. With the exception of a few large retailers, companies dealing with merchandise do not in fact carry the loans themselves. They sell the paper, as it is called in the trade, to finance companies, and there have been some very interesting studies made of this kind of practice.

In an article which appeared in the Toronto *Star* on April 12, 1951, Pierre Berton had this to say:

> In the new car field interest rates seem to run between 13 and 23 per cent. On used cars interest rates vary more widely. In a recent case a Toronto man paid upwards of 32 per cent in interest charges on a five year old Mercury sedan financed through Danforth Discount.
>
> A customer who had bought a new car at a true interest rate of 16.8 per cent through General Motors Acceptance Corporation decided to pay it all in the fifth month. The extra finance charges brought the cost of his loan to 25.3 per cent per annum. That's because there are certain fixed charges on these loans that can't be returned.

He went on to point out that on a loan of $1,500 six automobile firms offered the following real interest rates: Ensign Motors quoted a rate of 6 per cent if there was a 25 per cent down payment and 9 per cent otherwise, but the actual cost of the loan was 13.4 per cent for 24 months and 12.3 per cent for 12 months on the 6 per cent loan, and 18.7 per cent for the 9 per cent loan. Plaza Chev, Eglinton quoted 8 to 9 per cent but the actual loan rate came to 17.7 per cent for 30 months. Volkswagen Canada Limited, Golden Mile, claimed their rate was 6 per cent but actually it was 13.3 per cent for two years, 14.1 per cent for 30 months and 14.5 per cent for 36 months. York Mills Pontiac, Yonge street, claimed that their interest rate would be 11.4 per cent when actually the real interest rate was 22 per cent for 24 months. At Grant Brown Motors the salesman said that the interest rate would be 6.8 per cent whereas it was really 16.8 per cent over 30 months.

I could go on for a long time with cases because there have been cases reported in every newspaper in every large city across Canada, but they would all tell the same story. Legislation of this kind has been supported in Canada by some of our most influential and representative organizations. If I may name but a few, I would refer to the Consumers' Association of Canada, the Canadian Federation of Agriculture, the Canadian Congress of Labour, the Canadian Welfare Council, the Canadian Catholic Conference, the Anglican Church of Canada, credit unions and co-operatives as well as many others.

This is only one of about seven bills on the order paper concerning the same subject, which are to be discussed this session. I hope that these bills, instead of being talked out as happened in recent years, could be permitted to go to the committee which has jurisdiction in this field, so that we could hear representations from the interested organizations and interested people. The committee could then make a report to the house and the government could give serious consideration to the introduction of legislation which would not only require the loan companies to indicate in their advertising what the real rate of interest is but would also change the laws respecting these companies in other ways.

One need only look at the annual profits of the companies which are in this field to realize that this has been a tremendously lucrative business. One cannot complain about legitimate business, but this is a business which is taking money from people who, in many cases, simply cannot afford to pay what they are being required to pay.

Mr. Macdonald: May I ask the hon. member a question? May I take it that the hon. member has no quarrel with the Small Loans Act to the extent it permits an interest rate up to a maximum of 24 per cent per annum, and that his only objection to the statute is that it does not require disclosure?

Mr. Orlikow: That is not quite correct. I, in fact, have four different bills on the order paper, one of which proposes the reduction of the interest rate which is permitted. This particular bill which we are discussing today

simply requires the loan companies to put in their advertising the actual rate of interest which is being charged.

Mr. S. Perry Ryan (Spadina): The Small Loans Act, Mr. Speaker, is designed to govern moneylenders and small loan companies and was made part of the law of Canada in 1939. An amendment to the act was assented to on August 14, 1956. This amendment raised the regulated loans field from $500 to $1,500. The act licenses and controls only a segment of the country's loan business, roughly one sixth or one seventh of the total amount. In the year ended December 31, 1961 total loans numbered 1,169,699 and amounted to $605,687,740. The average loan for that year was $518. The sum of $294,495,936 was deducted from the total loans I have mentioned to repay existing outstanding balances on previous small loans made to current borrowers. Thus, the net amount of small loans made or the total of the new funds advanced to borrowers, was $311,191,804 in the year 1961. About two thirds of all loans are consistently made, year after year, to previous and current borrowers—in other words, if you wish, to chronic customers.

From 1958 to 1960 the volume of loans to new borrowers remained at a remarkably uniform level. This was no doubt due to the continued expansion of credit unions and to the greatly expanded activities of the chartered banks in the field of personal loans. There was, however, a substantial increase in new borrowers in 1961 due to many factors, including I should think the more intensive advertising by licensees under the Small Loans Act.

In considering the proposed amendment to the Small Loans Act one should realize that many licensed companies and individuals making small loans in amounts up to $1,500 under the act also do a business in the unregulated field above the $1,500 figure. Several licensees under the act also purchased conditional sales agreements through dealers, so they were carrying on businesss in the so-called sales financing field. At the end of 1961 delinquent small loans for all licensees totalled $90,874,267 or 21.3 per cent of the total. Of the balance of the outstanding loans, 4 per cent were delinquent or overdue for more than six months.

Between 1959 and 1961, the figures of the department of insurance show a growing tendency for delinquency to increase, particularly those overdue for more than six months, yet the number of new offices of licensees under the act opened at the rate of about 100 per year in the same period.

Instalment credit, the principal component of consumer credit, falls readily into two divisions which, because they are similar, are often confused. These two divisions are, first, credit advances to finance the sale of goods and, second, cash personal loans. The one common denominator is the requirement of regular repayments of equal size, but there the similarity ends. Instalment goods credit supplies the funds for purchases which people are unable to make out of their savings. On the other hand, the chief function of cash personal loans is to enable families to organize their functional affairs, to help them to cope with emergencies created by unexpected demands or through some interruption of their income. This permits families to work their way out of debt at a pace suited to their earnings. There is no doubt about it, therefore, these small loan firms or moneylenders do serve a good purpose across the nation.

Instalment goods credit is advanced directly by retailers or through sales finance companies. The credit is secured by a lien on the merchandise, and title or ownership does not pass to the purchaser until he has paid in full. The finance company which specializes in this service to dealers rarely deals directly with the purchaser in assessing his credit worthiness. In many cases, the dealers concerned endorse the notes and thereby secure the sales finance company against loss.

Consumer loan companies, in extending cash credit, deal directly with the borrowers and are fully responsible for investigation of their credit and administration, and collection of the loans. Since the majority of loans are made without liquid or readily saleable security, lenders must regard character and paying ability as the prime security and therefore must ensure that these factors are accurately assessed. Money lending has been traditionally looked upon with prejudice, and there were good reasons for such prejudice in Canada, especially in regard to consumer lending before 1940, when there was no effective legislation to protect borrowers. These reasons were particularly apparent in the larger cities where many borrowers were forced to pay as high as 400 per cent per annum for small loans. Legislation of that time was not effective in preventing lenders from making extra charges of various kinds, with the result that the cost to the borrower was often exorbitant. Because of this many borrowers were unable to get out of debt and found themselves subjected to harsh collection methods.

The lenders who did not condone such practices went to great lengths to bring these conditions to the attention of responsible people in the hope that legislative action would be taken. These efforts led eventually to a complete examination of the subject by

successive parliamentary committees between the years 1936 and 1939. During these years witnesses appeared at committee hearings representative of social agencies in Canada and the United States, banks, credit unions and consumer loan companies, and the findings of these studies were:

1. Our economy creates the need for this type of loan to wage earners and salaried people.

2. The cost of making small loans is considerably higher per dollar loaned than that for larger loans, and therefore a much higher rate is necessary.

3. Existing legislation does not provide the protection that borrowers should have against excessively high rates.

The Small Loans Act, which became effective on January 1, 1940, took account of these conclusions. It is estimated by the Bank of Canada that in the year 1962 about $1,855,000,000 of retail dealer credit was extended to consumers, that loans to individuals by the banks and credit unions reached $1,778,000,000, and that instalment loans by consumer loan companies reached $644,000,000. This means that just over one seventh of the total loans of $4,277,000,000 was made under the Small Loans Act.

The business of making small loans is a retail business. Money is borrowed at a wholesale rate, usually from a parent company or a bank, and merchandised at a retail rate. About one half of the gross profits of the five small loan companies incorporated by special acts of this parliament, and licensed under this act in question, presently goes to the federal and provincial governments for corporation taxes. Therefore the federal government is already a participating partner, as well as to some extent a controlling partner in their enterprises.

The gross profits, before taxes, of these five small loan companies from their small loan business for 1961 were as follows: Beneficial Finance Company of Canada $5,721,850.08; Canadian Acceptance Company $96,217.12; Community Finance Corporation $92,677.68; Household Finance Corporation of Canada $11,349,765.00, and the Laurentide Finance Company showed a loss of $75,807.44. In the year 1961, out of 78 moneylenders who reported under the act, 30 showed losses but their gross profit over all was $3,561,941, and many of the losses were comparatively small ones. Only 10 of the losses were for more than $5,000.

I suggest to all hon. members it is apparent therefore that this business is not as risky as many, without the facts before them, might think. It is of course true, as in any other business, and even in government, that the quality of the management determines a good or poor result.

I would like all hon. members to refer to Senator David Croll's bill called the Financial Charges (Disclosure) Act. He is presenting it in the Senate for the fifth time. It is Bill S-6. It reached committee on second reading in the last session and it would likely have passed both the Senate and the House of Commons but for dissolution on February 5 last. The debate on the second reading of the bill, as reintroduced in the Senate this session, has commenced, but it is temporarily adjourned. In any event the bill will likely reach this house this fall, and it is one I am sure most hon. members will be very enthusiastic about. Because the hon. senator recently referred to the Small Loans Act when discussing his bill I should like to refer hon. members to the *Debates of the Senate* for Wednesday, June 5, 1963 at page 87, beginning at the last paragraph in the first column:

> Let me try to make it as simple as I can. The law has not kept up with the development of consumer credit. The law has not paralleled the progress in that field. Thus we have—and I can give it to you in capsule form—an anomalous situation which has developed in which the consumer by borrowing money and paying cash is protected by the Small Loans Act, whereas if he commences his acquisition by instalment purchase he has no protection. It is as simple as that. There it is in a nutshell. This bill is an endeavour to set right a situation that has long cried out for some kind of attention.
>
> It is also true that dollar disclosure is not sufficient to allow comparison of credit costs. This provides for the disclosure of dollar amounts and simple interest rates, and it is the answer to the proposition that I presented to you. I repeat, because I think it is worth remembering, that the man who borrows money from a loan company and pays cash is protected by the Small Loans Act, whereas the man who goes in and makes an instalment purchase is not protected. This would protect such a man.
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> Hon. Mr. Choquette: May I ask my honourable friend a question? Let us assume a young married couple want to buy furniture, and they cannot get credit from the bank. They have no security whatever upon which to borrow from a loan company. If you say to them: "Do you know that after a year and a half you will have paid $150 more than the goods are worth?", they will answer: "So what? We need them, and we cannot borrow the money". I submit that that is the case with respect to eight out of ten users of consumer financing. What does the honourable senator say about that?
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> Hon. Mr. Croll: All I say to such a couple is: "Good luck to you". As long as they are told the cost in dollars and the interest rate, then it is all right. I am one of those who believe that it is good business for the individual and for the country to have the use of the goods while they are paying for them.

Mr. Knowles: Mr. Speaker, I rise on a point of order, but without any malice towards the hon. member, because he is on

our side. However, I believe it is a rule of the house that we are not supposed to refer to debate in the other place. This is a rather extensive reference. It is a good reference but should we not stick to the rules?

Mr. Ryan: I stand corrected, but possibly under the circumstances, and seeing it is such a good reference, I might have the unanimous consent of the house to continue it. There is only another paragraph.

The Acting Speaker (Mr. Batten): Has the hon. gentleman unanimous consent to continue with his reference?

Mr. Knowles: We have broken quite a few rules today.

Mr. Lambert: He had better make his own speech.

Mr. Ryan: I think, Mr. Speaker, I got the point across. It is quite clear that Senator Croll does think there are some laudable things about the Small Loans Act as it stands. I think it is apparent that in the small loans business there is better control than in the field of retail sales credit. However, if we can strike any kind of blow for the little man and improve his position, without driving the loan companies and moneylenders out of business, I think we should do so.

If disclosure or advertising of the total cost of a small loan in terms of percentage per annum, as sought by the hon. member for Winnipeg North (Mr. Orlikow) will educate borrowers to be certain to try banks, credit unions, relatives, and other possible cheaper interest rate sources before committing themselves to a small loans company or moneylender, I believe that we should insist upon it.

I think we are entering a more humane age and the concept of social justice is gradually replacing the idea that the weak are fair game for the strong. Twenty four per cent per annum on a $300 loan is a high rate of interest. It sounds much better if it is stated at 2 per cent per month to the average working man, who is inexperienced in such matters. Everybody as far as possible should know, in fairness and truth, that even though the monthly repayments reduce the cost of a $100 loan to about $13.48 per year, the effective rate to the borrower is still 24 per cent per annum. I think that should be made clear to the public. If this rate per annum were advertised, the moneylenders would probably be glad to reduce their interest rates to some extent. They would, I submit, experiment and compete for better sounding rates than 24 per cent per annum, and this would at least be of some benefit to the little man.

Small Loans Act

This amending bill has been before the house for many sessions, and from reading past *Hansards* the main objections to it seem to be, first, that it is more difficult to present a table of scaled rates over radio and television than it is to print it in a newspaper and second, that the proposed amendment is unconstitutional. Of these arguments I think only the second one gives any real concern. For a good picture of this problem of unconstitutionality may I refer hon. members to the argument of the hon. member for Kenora-Rainy River (Mr. Benidickson), now the Minister of Mines and Technical Surveys, which appears in volume 4 of *Hansard* for the 1956 session at page 3920, the second column.

The unconscionable transactions relief act of the province of Ontario was declared ultra vires by the supreme court of Ontario last fall. This decision is now under appeal to the Supreme Court of Canada. The judgment of the Supreme Court of Canada should do much to clarify the picture and may even determine whether or not the "interest" jurisdiction of this government includes "advertising" jurisdiction. If it does not do so, then the question should be resolved by a specific reference to that court from this house.

(Translation):

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I wish to congratulate the hon. member for Winnipeg North (Mr. Orlikow) for presenting Bill C-9, an act to amend the Small Loans Act. I congratulate him in particular for his persistence although I deplore, and always will as long as I sit in the house, the uselessness of this hour reserved for private members' business, which never gives any positive results.

That bill will require finance companies to reveal in their advertisements the amount required by way of monthly or periodic payments to repay the loan, the cost of such loan in terms of per centum per annum.

What are the results of the present act? The finance companies take advantage of its lack of clarity to hide their deceit from the borrower.

And I am wondering why we should go in such a roundabout way to pass legislation when it would be much easier to take the direct approach. That may make some lawyers laugh or smile but I am asking the question in good faith. If lending companies had to account for all the charges included in their contracts, some of these institutions would be less likely to become dens of financial pirates, and would serve the public honestly.

Mr. Speaker, we have acquired proof of hypocritical and even infamous transactions based on false representations.

Do you not fear that our government, which is supposed to pass laws conceived in the people's interest, might be accused by the public of being partly responsible, through carelesness, for that state of affairs?

Indeed, we may be branded as accomplices for having left so many loopholes in the law, for having allowed usurers to take possession of properties which our workers burdened with large families have acquired through toil and sacrifices. Mr. Speaker, this legislation defends straightforwardly the small property-holder. It is perhaps the last recourse of the innocent victims, fallen prey to cold-blooded swindlers.

Mr. Speaker, I could give you a thousand and one examples to prove what I am saying. I even have notarized and registered contracts which prove that poor borrowers will have to pay twice and even three times as much as the amount they have borrowed.

Our present legislation provides indirect protection to those usurers as they are not obliged to give all the details of their transactions. So much so that the worker wonders nowadays whether the laws are conceived to defend him or to protect financiers. I call those fellows usurers because, in my opinion, an interest of 24, 30, 35 and 40 per cent on a loan is robbery.

That is why I say that such transactions are the most infamous actions that can be perpetrated against credulous people.

Yet, our business men, our small financiers as they are called, those who draw up contracts of that kind or who are called upon to defend lenders of that sort, have the cheek to speak against the exploited worker and accuse him of not fulfilling his commitments, of not meeting his obligations.

Mr. Speaker, if this government does not intervene immediately to put an end to that orgy, I feel it will become the accomplice of those exploiters by its silence. In the last analysis, it will be responsible for the serious problems of our family economy and for problems still more serious that such a tolerance could create.

I am still wondering why the federal government does not decide to fix and set interest rates once and for all—

(Text):

The Acting Speaker (Mr. Batten): Order. I apologize for interrupting the hon. gentleman but I must advise him that the hour for the consideration of private members' business has now expired.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, will the government house leader advise the house as to the order of business for Monday and the following days next week.

Mr. Pickersgill: Yes, sir. On Monday the government would like to continue with the debate on the resolution preceding the municipal development and loan board act, to be followed by the resolution respecting the Atlantic development board. If both those items should be completed on Monday we would then take the resolution respecting the Department of Agriculture. If that business is not all completed on Monday, it would be the same business for Tuesday, though there may be a possibility of taking the department of industry bill on Tuesday. But it would not be taken on Monday unless all three resolutions got through.

In general, the government plans on the first two days of next week to proceed with the economic legislation that is on the order paper and to begin the budget debate on Wednesday. Once the budget debate begins it is our proposal that it should continue until completed. I think that is as far as I can go at the moment.

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

HOUSE OF COMMONS

Monday, June 17, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. HARKNESS—RECEIPT BY MAIL IN CALGARY ON JUNE 14 OF BUDGET INFORMATION

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I rise on a question of privilege affecting the entire house. On Friday morning, June 14, there was delivered to a Calgary law office at 9.30 a.m., by the first morning mail delivery, a memorandum entitled "Proposed Changes in Canadian Taxes". The memorandum summarizes the budget, has a budget resolutions index and attached to it are appendices containing the budget resolutions. The whole runs to 25 pages and is under a covering letter from Clarkson, Gordon and Company of Toronto. The envelope containing this material is metered, and the meter stamp bears the date of June 14.

The question which arises is how this material could have been prepared multigraphed and delivered by ordinary mail to a Calgary office by 9.30 a.m. on Friday after evening. It may be possible that this analysis of the budget could have been prepared, the of the budget could have been prepared, the material mimeographed and the whole dispatched to Calgary, and I presume to every other city in Canada, and then delivered within the times I have given. However, it seems somewhat improbable.

I have checked the T.C.A. schedules to Calgary and find that only one plane leaves Toronto for Calgary after eight o'clock in the evening. This plane is a Vanguard which leaves Toronto at 2.50 a.m. and arrives in Calgary at 6.20 a.m. Calgary time. I have also checked with the post office as to what time a letter would need to be mailed in Toronto to catch this plane and whether it would be delivered on the first mail delivery in Calgary. I was informed that a letter would normally need to be mailed in Toronto by 10 p.m. to get out to the airport in time for this plane. If it were on the plane it might or might not be delivered in Calgary on the first delivery, depending on whether the plane arrived on time and on the volume of mail to be handled, matters which it has been impossible for me to check. In view of this the metered date of June 14 on the letter in question seems odd, particularly as the covering letter bears the date of June 13.

I believe the house is entitled to a full explanation of this matter in view of the questions which have been raised in regard to preserving the secrecy of the budget.

Hon. Walter L. Gordon (Minister of Finance): I am hardly in a position to speak on this matter without looking into it, mainly because I am no longer a member of Clarkson, Gordon and Company. I do know that for many, many years that firm, as well as many other firms in all parts of Canada, including all the banks and various other institutions, have received copies of the budget speech after it has been delivered in this house from the offices of the Bank of Canada in their area. I know that this particular firm, Clarkson, Gordon and Company, have in the past made a point of summarizing the main points in the budget that night and issuing them that night or the following morning at an early hour. Apart from that, I am not in a position to say anything about this matter until I make inquiries.

[*Later:*]

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I wish to direct a question to the Minister of Finance respecting the matter of urgency raised on a question of privilege by the hon. member for Calgary North, which raised the question that the subject matter of the budget was made available to a legal firm in Calgary on Friday morning following presentation of the budget on Thursday evening. Could the minister explain the mysteries of the electronic age—

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but questions of privilege cannot be answered on orders of the day.

Mr. Woolliams: Particularly put-up questions.

Mr. Byrne: This is a question of urgency arising from a question—

Mr. Speaker: I appreciate the hon. member's concern, but I am afraid I must hold to the previous decision.

[*Later:*]

On the orders of the day:

Mr. Gordon: I wonder if I might read a telegram I have just received from Mr. J. R. M. Wilson, who is senior partner of

Clarkson, Gordon and Company, and I think in fairness to him this should be read as soon as possible.

Some hon. Members: No.

Mr. Pigeon: You refused debate.

Mr. Peters: Why do you want to do it now?

Mr. Speaker: If the minister would care to revert to motions, with the consent of the house; otherwise this is the question period, and it is my duty to keep business strictly on the question period.

Mr. Gordon: Well, Mr. Speaker, in fairness to these people I would ask the consent of the house to revert to motions.

Mr. Speaker: Does the house give consent to the Minister of Finance to revert to motions?

Some hon. Members: No.

Mr. Gordon: As a question of privilege, Mr. Speaker, as the hon. member for Calgary North said certain things that had a bearing not only on the integrity of the members of my ex-firm but indirectly on myself, I should like to be given the opportunity to read this telegram. It is a matter of personal privilege.

Mr. Harkness: Mr. Speaker, on a question of privilege, I made no implications respecting the minister or anybody else. I stated certain facts which had been sent to me from Calgary because people out there were concerned over the receipt of this document at the time it was received, and in their view it brought into serious question the secrecy of the budget and the documents comprising the white papers and so on attached to the budget. Therefore I thought it was my duty to have the matter cleared up as fast as possible. I presented the facts which had been given to me, which I am absolutely convinced are correct and which I stand behind, and as far as I am concerned the sooner the matter is cleared up the better.

Mr. Speaker: Hon. members will realize it is my duty to abide by the rules and try to conduct proceedings according to the rules. Unless the house gives unanimous consent, this is not the time for that type of explanation.

Hon. J. W. Pickersgill (Secretary of State): I wonder if I might rise on a point of order, Mr. Speaker.

Some hon. Members: Again?

Mr. Pickersgill: My hon. friend the Minister of Finance said he was rising on a question of personal privilege and I believe it has always been a rule of the house that the hon. gentleman should be allowed to indicate whether he had a matter of privilege before any decision was made about it. My hon. friend also said it arose out of the question of privilege previously raised by the hon. member for Calgary North which Your Honour allowed.

Surely, sir, since the hon. member for Calgary North has now indicated that he feels the matter should be cleared up, and since my hon. friend believes he has a question of personal privilege, the house should hear what my hon. friend has to say before a decision is made by the Chair as to whether or not it is a question of privilege.

Mr. Benidickson: Be fair to both sides.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the minister has already stated what is his question of personal privilege. It seems to me quite apparent that the government, having refused to have a debate on this whole question—

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Douglas:—are now endeavouring, under the guise of personal privilege, to carry on a one-sided debate.

An hon. Member: Tell the truth.

Mr. Douglas: I would say that if the whole question is not to be discussed thoroughly, then it ought not to be discussed at all. What the hon. minister has now stated is no question of privilege at all. He is simply trying to reply to the hon. member for Calgary North. He turned down an opportunity to reply to the hon. member, and he has no right to use the orders of the day in order to present one side of the case.

Mr. Gregoire: Mr. Speaker, on a point of order—

Mr. Speaker: Order. I would ask the hon. member to contain himself for just a minute. Hon. members will realize that the question period is a time for urgent matters to be raised. I realize how important this question is, but in the circumstances, if the house does not give unanimous consent to revert to motions in order that the minister may make a statement, I am obliged to adhere to the rules, which are that questions must be urgent, and these questions asked on orders of the day do not comprise the type of questions which the minister wishes to discuss.

(Translation):

[*Later:*]

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): I should like to direct a question to the Minister of Finance. In view of the comments made at the beginnning of this sitting by the hon.

member for Calgary North, could the Minister of Finance give us some explanation or clarification concerning the matter raised by the hon. member?

(Text):

Mr. Gordon: Mr. Speaker, I will be very glad to answer the question of the hon. member for Lapointe.

Some hon. Members: Oh, oh.

Mr. Gordon: I have just received a telegram from Mr. J. R. M. Wilson, who is the senior partner of Clarkson, Gordon and Company, chartered accountants. The telegram reads as follows:

Budget address and resolutions released by Bank of Canada Toronto to interested parties starting about nine twenty eastern daylight time. We received two copies at nine forty five June 13 and two copies at nine fifty five. On receipt of these our partners reviewed the speech and resolutions and prepared an explanatory memorandum which was typed and multilithed. Concurrently copies of the resolution were photocopied and a copy of these together with the explanatory memorandum were mailed to clients of the firm in pre-addressed envelopes together with a covering letter dated June 13 which had also been prepared in advance after the date of the budget had been announced. First completed memoranda were ready by twelve midnight and first mailing left our office at one fifteen eastern daylight time and delivered to the Malton post office in time to catch flight No. 501 which stops at Winnipeg, Regina, Calgary and Vancouver, leaving Toronto at two fifty a.m. eastern daylight time. This flight due in Calgary at six twenty a.m. mountain standard time. Procedure followed by our firm was consistent in every respect with that followed for the past several years.

That is signed by J. R. M. Wilson.

(Translation):

[*Later:*]

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I rise on a question of privilege.

I should like the house to know that I raised the question because I believe the Minister of Finance, after having risen on a question of privilege, was entitled to it.

MR. PIGEON—ARTICLE IN MAGAZINE "AGRICULTURE"

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I rise on a question of privilege which concerns all members of the house.

It has to do with an article which was published as an advertisement by the hon. member for Matapedia-Matane (Mr. Tremblay) in the magazine *Agriculture* edited by the corporation of agronomists of the province of Quebec. I should like to read now the article, which is very short and which is a message from the minister of (eastern)—that word is between brackets—agriculture, the Hon. Rene Tremblay:

Message from the minister of agriculture for (eastern) Canada, the Hon. Rene Tremblay; to the members of the corporation of agronomists of the province of Quebec,

on the occasion of their 1963 annual convention.

As minister of agriculture for (eastern) Canada, I rejoice at this first opportunity I have to offer you my best wishes on the occasion of your annual convention.

First of all, I should like to say that if I had been free to choose a portfolio in the new cabinet, I would have taken agriculture. Indeed, an economist and professor of social sciences cannot but be interested in the agriculture of his country since it is the backbone of the economy. I fully agree with you that the problem of agricultural recovery is becoming more and more important and that the preservation and development of farming in Canada, and in the eastern part of our country especially, calls for our closest attention. Our government has acknowledged the fact since it has, for the first time since confederation, appointed two ministers to look after agriculture. Need I point out that my appointment acknowledges the French fact in Canada?

In order to carry out this enormous task, we need the co-operation of all parties concerned, especially experts in that field such as you, agronomists. Your knowledge, your work and the advice of all agricultural experts of the province of Quebec will be invaluable and necessary to me.

Mr. Speaker: I regret to interrupt the hon. member, but is it actually necessary that he quote the whole article? What is the point of the question of privilege?

Mr. Pigeon: There is only one more paragraph, Mr. Speaker. It will take only a minute.

I shall read the reports to keep in touch with the activities of your convention. You can rely on my help to promote our common cause. As for me, I shall rely on your co-operation. Together, we shall succeed.

It bears the signature of Rene Tremblay, minister of agriculture for (eastern) Canada.

Mr. Speaker, I believe that this article signed by the hon. member for Matapedia-Matane infringes upon the privileges and rights of this parliament, since the hon. member is not the minister of agriculture for (eastern) Canada. I feel that action should be taken by the house against the hon. member, because I consider this as arrogance.

[*Later:*]

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a question to the hon. member for Matapedia-Matane following a question of privilege raised at the beginning of the sitting. Can the minister answer the following question of privilege and tell me whether that article was paid for by himself or by the Department of Agriculture?

Hon. Rene Tremblay (Minister without Portfolio): Mr. Speaker, I do not see the urgency of such a question. If the hon. member will put his question to the order paper I shall be pleased to answer it.

World Fair

Mr. Pigeon: Mr. Speaker, I rise on a point of order. I am entitled to ask such a question and the minister has the responsibility to answer it in a straightforward manner. This is dictatorship and arrogance.

(Text):

Hon. J. W. Pickersgill (Secretary of State): On a point of order, Mr. Speaker, surely the hon. member for Joliette-L'Assomption-Montcalm is not going to be allowed to raise a question of privilege when the Minister of Finance was denied that right?

Some hon. Members: Oh, oh.

(Translation):

WORLD FAIR

STATEMENT ON PROGRESS OF ORGANIZATION

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, some time ago the hon. member for Port Arthur (Mr. Fisher) asked me for a statement in connection with the organization of the universal exhibition of 1967, and I want to make such a statement today, as I promised him last Friday.

On April 27, 1963, I was, as federal minister, entrusted with the responsibility of organizing the world exhibition of 1967.

Before April 27, 1963, the former administration had taken various steps in this respect.

(1) The house passed, on December 20, 1962, a bill in view of setting up the Canadian World Exhibition Corporation. The legislation provided that the corporation would plan, organize and administer the exhibition which was to be held on Montreal island, for a period of six months during the year 1967. A commissioner and a deputy commissioner were appointed to that effect.

(2) Apart from this legislation, a three way agreement was reached in order to choose a site for the exhibition, which basically imposed upon the city of Montreal the responsibility of supplying that site to the World Exhibition Corporation. The site was also to be approved by the federal government in agreement with the city of Montreal and the province of Quebec.

(3) Under the three way agreement concluded on March 25, 1963, Mayor Drapeau recommended, on behalf of the city of Montreal, a site in the St. Lawrence river which would comprise the island of St. Helene, Round island, as well as an enlargement of those islands obtained by dumping fill in the river. A third island would, moreover, be built along the seawall of the St. Lawrence seaway, and would be known as Notre Dame island. The total acreage thus created would be 600 acres. The mayor informed the former administration that the provincial government approved the site.

(4) On March 28, 1963, the former prime minister of Canada advised the mayor of Montreal that the federal government would accept his proposal on condition that the legislation establishing the corporation which stipulated that the exhibition be held on Montreal island be amended, and, second, on condition that the proposed work be approved under the terms of the Navigable Waters Protection Act when detailed plans were available.

Unofficial discussions, which began on April 24, were then held between officials of the federal government and representatives of the city of Montreal and their consultants on a complete study of the proposal.

On April 25, the Department of Public Works received from the director of public works of the city of Montreal a request for a preliminary agreement regarding the filling up of the "A" area, which is that section of the site connecting Round island to St. Helen's island.

Following that request, a meeting took place in Montreal on May 1, which was attended by federal officials of the Department of Public Works, of the Department of Transport, of the St. Lawrence seaway authority, of the national harbours board and their consultants, in order to reconsider the proposition.

During the meeting, some technical questions were directed to the representatives of the city of Montreal about the possible effects of the planned construction on the chosen site. The city provided information on the program of studies of scale models and other technical studies being carried out. Together with federal officials, the city has established a plan of action in order to be able to supply as soon as possible the technical data and a detailed plan.

It was imperative to reach a prompt decision, even if only temporary, so that the international bureau of exhibitions might receive by May 14 a plan elaborate enough to enable it, if it saw fit, to choose Montreal as the site of the 1967 exhibition.

Meetings were held on May 9, in Ottawa, with Mayor Drapeau, who told the federal government that the city of Montreal would be able to prepare the site and to give it over to the corporation on June 30, 1964.

During those discussions with the mayor of Montreal it was clearly established that, should the proposed site be accepted, the city of Montreal would see to it that the work would not impede navigation on the river and would fully comply with the regulations set out in the Navigable Waters Protection Act.

After that meeting and other discussions, and in view of the fact that a report had to be submitted to the international bureau in

Paris on May 12, 1963, I advised Mayor Drapeau, on behalf of the federal government, on May 10, 1963, that we accepted the site on the conditions mentioned in the telegram sent by the former prime minister on March 28.

I attended the meeting of the international bureau in Paris with the commissioner general and other members of the corporation as well as Mayor Drapeau, at which time the project concerning the site of the exhibition was submitted.

On May 17, we agreed to grant the city of Montreal prior consent concerning the filling up of section "A", between St. Helen's island and Round island.

It is important to note that the prior consent granted in connection with section "A", bears on works that the city of Montreal had thought of carrying out before the world fair, and it was established that such works would not become a hazard to navigation or have any effect on the water level.

Federal officials and municipal representatives met to examine the results of model and other engineering studies undertaken by the city. The last meetings were held on June 11 and 12. It is yet too soon to tell the final results of those studies. The city of Montreal is at present considering the whole problem and we shall shortly receive, I hope, a detailed plan covering not only this site but also work connected with the site, such as source of backfilling materials, various items of required machinery and equipment etc., in order to ensure that the site will be ready by June 30, 1964 and that such works will not be a hazard to navigation on the St. Lawrence river or the seaway.

I intend to call a general meeting of all parties concerned with the 1967 world fair, such meeting to be held here in Ottawa in the first week of July; the parties concerned are the federal government's departmental committee, the provincial minister responsible for the fair, the mayor of Montreal, and the fair commissioners. At that time we shall have received additional information from the consulting engineers.

Once the preliminary work is completed, I intend to report to the house from time to time on the progress of the project, because this undertaking is national in its scope and concerns all Canadians.

I hope, if and when it is possible, to invite a group of members to Montreal to see the works and the master plan for the fair.

(Text):

[*Later:*]

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Defence Production a question arising out of the statement made to us today by the Minister of Public Works regarding the location of the world fair in Montreal. In view of the fact that the Minister of Defence Production is quoted in today's papers as giving a much more definitive position with regard to the location of this fair, would he tell us whether he has issued a statement relating to a cost of $80 million for the Isle Notre Dame site and whether he has also indicated to Montreal newspapers that it is almost a sure thing that site will not be proceeded with?

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, I have issued no statement nor given any formal interview. The remarks which appeared in the newspaper were as the result of a few off the cuff and, I may as well admit, ill advised observations. As I mentioned to another hon. member a few moments ago, the spokesman for the federal government is the Minister of Public Works, and what he says stands.

[*Later:*]

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Defence Production.

Is it true that the minister stated, during an interview over the week end, that the project calling for the establishment of the world exhibition on the St. Lawrence might have to be called off because of the excessive costs involved?

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, the answer is no. In my opinion, the Minister of Public Works is, generally speaking, the only spokesman of the government in that respect and he has already made a statement in that connection today.

[*Later:*]

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct a supplementary question to the Minister of Defence Production.

Does the minister agree with his colleague's statement made this afternoon regarding this question?

HEALTH AND WELFARE

SMOKING—CONFERENCE ON MEASURES TO REDUCE HEALTH HAZARDS

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I have been impressed with the evidence which has been presented to me in numerous reports concerning the increasing lung cancer death

rate in Canada and the serious health problem that is posed by this disease. There is scientific evidence that cigarette smoking is a contributory cause of lung cancer, and that it may also be associated with chronic bronchitis and coronary heart disease.

Health agencies, including the Department of National Health and Welfare, have a duty to inform the public about the risk to health connected with cigarette smoking. It seems to me that special efforts should be made to dissuade children and young people from acquiring the habit.

In initiating a program directed to the reduction or elimination of this health hazard it will be essential, if the best possible results are to be achieved, for the Department of National Health and Welfare to work in close co-operation with provincial health and other departments, voluntary health agencies, professional associations and other groups concerned with this problem. It has therefore been decided to call an early conference to consider this matter, and I am writing to interested groups inviting them to meet with me in Ottawa. Invitations will go to the provinces through the provincial ministers of health. In addition, professional and voluntary health agencies interested in this matter will be invited to attend, as well as representatives of the tobacco industry and growers.

It is hoped that at this conference there will be a full discussion of the evidence linking cigarette smoking with lung cancer and other conditions, and that proposals can be made for a positive and effective program regarding this problem.

[*Later:*]

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the lady Minister of National Health and Welfare and I apologize for not giving notice. My question is based on the statement the hon. lady made to the house this morning with respect to the conference concerning the unhealthy habit of cigarette smoking. Is the minister in a position to assure the house as a result of conferences with her officials that pipe smokers can continue to enjoy their pipes without any damage to their health?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, may I assure my hon. and well-beloved friend that he may continue to live in that particular form of sin to which he has been accustomed.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Is it the intention of the lady minister to join this group?

Miss LaMarsh: Mr. Speaker, I assume my hon. friend is speaking of the group which smokes pipes. I suggest to my hon. friend that there are still other ways in which one might use this noxious weed, but it is my intention so far as my resolve will support me, to do away with the use of tobacco entirely.

Mr. W. B. Nesbitt (Oxford): May I ask a supplementary question on another aspect of the use of tobacco? I should like to ask the hon. lady if she eschewed all these aspects or if she was an admirer of Rawhide on the radio in the mornings?

TOBACCO

POWER TO REGULATE ADVERTISING, LABELLING, ETC.

Mr. Barry Mather (New Westminster) moved for leave to introduce Bill No. C-75, to restrain the use of tobacco.

He said: If I may say so, I think it is a good omen for the possible acceptance of this bill that its introduction should follow so closely on the statement just made by the Minister of National Health and Welfare. In my opinion that statement was a very fine one. Not only that, but the bill is being introduced into the house on the very day on which, I understand, the hon. minister has given up smoking for life.

The purpose of this bill is to protect the consumer from being deceived or misled as to the character or safety of tobacco products. The effect of the measure would be to repeal the present act of 1908, an act to restrain the use of tobacco by young persons, and to make the provisions of that act part I of this intended new act.

Part II of the new act will give the governor in council power to regulate the labelling, packaging and advertising of tobacco products. It is intended as a basis for the compulsory and, I hope, bilingual listing of tobacco product ingredients on all packages of tobacco products.

Motion agreed to and bill read the first time.

EXPORT AND IMPORT PERMITS ACT

AMENDMENT EXTENDING DURATION FOR FURTHER THREE YEARS

Hon. Mitchell Sharp (Minister of Trade and Commerce) moved the first reading of Bill No. S-3 (from the Senate), to amend the Export and Import Permits Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SUGAR PRICES

Question No. 94—**Mr. Thompson:**

1. What has been the average price paid for sugar (a) to the producer (b) by the consumer, during the past six months?

2. Does the government contemplate taking action to prevent Canadian domestic food prices being unduly influenced by world market trends?

Questions

Mr. Pepin: 1. (a) Final information is not yet available on payments to producers for sugar beets delivered from the 1962 crop. Sugar companies pay an initial payment per ton of beets at delivery time and interim payments as the crop is processed and sold. The total payment is based upon sugar content of the beets and the amount sugar companies receive for refined sugar. In addition the agricultural stabilization board of the Canada Department of Agriculture is authorized to make payments to bring average prices up to previously announced figures.

(b) Price of sugar in Canada, by months, November 1962 to April 1963:

(All prices in Canadian dollars)

Month	Sugar, Raw, c.i.f. Montreal $ per cwt.	Sugar, Granulated f.o.b. Refinery $ per cwt.	Sugar, Granulated Retail Stores c. per lb.
1962:			
November	5.12	8.10	9.7
December	5.74	8.75	10.3
1963:			
January	7.22	10.20	11.1
February	7.86	10.95	12.7
March	8.20	11.29	13.2
April	9.61	12.55	14.2

2. This is a matter of government policy which will be announced if and when such a situation arises.

TENDERS FOR LAND LEASE, MOUNTAIN PRISON, AGASSIZ, B.C.

Question No. 148—**Mr. Douglas:**

1. Is any land of the mountain prison at Agassiz, B.C. at present on lease for haying, pasturing or other purposes, or are any such leases in process of negotiation?

2. If so, was all the land leased or in process of being leased put up for public tender?

3. If public tenders were not called or are not to be called, why is the policy of calling tenders not followed?

Mr. Macdonald: 1. (a) No land is at present on lease.

(b) In 1962 $200 was paid for the standing crop of hay on the land. The payment was accepted rather than allow the hay to be wasted.

(c) Negotiations are now going forward for the lease of this property for pasturing.

2. No.

3. Public tenders were not called and are not to be called for two reasons:

(a) Under part XIV, section 07.1 of the treasury manual of financial authorities and procedures, the Minister of Public Works has a blanket authorization to execute leases on behalf of the crown in respect of such property not immediately required for public purposes.

(b) The farm of the person with whom the Department of Public Works is currently negotiating for the lease of the land, abuts on the property in question. The prospective lessee has been carefully screened as to the purposes to which the land is to be put and, also, as to any possible connection with, or sympathy for, the Sons of Freedom movement. The penitentiary service feels, in any case where land becomes surplus to requirements, and particularly in the sensitive area adjoining the Doukhobor prison, that it must reserve the right to decide who will be allowed to lease such land.

The penitentiary service has therefore requested the Department of Public Works to negotiate the proposed lease agreement on this basis.

FEDERAL CORRECTIONAL INSTITUTIONS

Question No. 170—**Mr. Orlikow:**

1. How many federal correctional institutions are there in Canada?

2. What are the names of the wardens of each of these institutions, and how long have they been in their positions?

3. What, if any, are their professional qualifications?

Mr. Macdonald: 1. 26.

Questions

2.

Correctional institution	Name of warden	Date of appointment to present position
Dorchester	Smith, H.F.	October 27, 1962
St. Vincent de Paul	Lecorre, M.J.M.	June 1, 1962
Federal Training Centre	St. Pierre, L.L.H.	August 1, 1961
Leclerc	Desgroseilliers, J.P.	November 11, 1960
Kingston	Richmond, V.S.J.	June 1, 1962
Prison for women	Macneill, Miss I.J.	December 1, 1960
Collin's Bay	Smith, F.	June 1, 1962
Joyceville	DesRosiers, C.E.	October 27, 1962
Manitoba	Harris, F.S.	December 1, 1960
Saskatchewan	Weeks, J.H.	March 18, 1963
British Columbia	Hall, T.W.	September 6, 1960
Camps and satellite institutions		
Blue Mountain correctional camp, N.B.	Hamilton, B.C.	November 1, 1962
Springhill camp, N.S.	DeVarennes, J.A.	June 1, 1961
Dorchester farm camp	McMaster, H.	July 1, 1961
Valleyfield camp	Lalonde, R.	April 1, 1960
St. Vincent de Paul farm camp	Dumouchel, J.R.A.	August 1, 1961
Gatineau correctional camp	Fortin, J.E.R.	July 1, 1961
Joyceville farm camp	Mills, H.E.	November 1, 1962
Collin's Bay farm camp	Reid, M.J.	September 25, 1961
Beaver Creek correctional camp	Halfhide, D.J.	May 1, 1961
Landry Crossing correctional camp	Bell, H.S.	September 25, 1961
Manitoba farm camp	Orlesky, N.E.	July 1, 1961
Saskatchewan farm camp	Jacobson, L.K.	August 1, 1961
William Head camp, B.C.	Collins, H.A.	October 1, 1959
Mountain Prison, B.C. (Doukhobour camp)	Wilson, R.A.	May 1, 1962
Agassiz correctional camp	Vacant	

3. Professional qualifications:

Smith, H. F.	B.A. Degree—additional courses in social work. 23 years penitentiary service.
Lecorre, M. J. M.	4½ years French Navy W.W. 2 (Croix de Guerre); 14 years penitentiary service.
St. Pierre, L. L. H.	M.A.—psychology; 8 years penitentiary service.
Desgroseilliers, J. P.	Qualified as lt.-col. Canadian militia; staff officer (civilian) headquarters Quebec command 1951-60; 2 years penitentiary service.
Richmond, V. S. J.	6 years active service W.W. 2, rank lt.-col. 26 years penitentiary service, incl. 8 years as warden, Collin's Bay penitentiary.
Macneill, Miss I. J.	Sr. matriculation—teacher's diploma; correspondence courses psychology, political science; teacher—Fairmont Jr. College, Washington, D.C. Service WRENS—1943-45; 1954-57. (O.B.E.—1944) Sup't Ontario training school for girls 1948-1954. 2 years penitentiary service.
Smith, F.	Service Canadian army active. W.W. 2—1939-45; 28 years penitentiary service.
DesRosiers, C. E.	B.A.—postgraduate course in psychology; prison commission Imperial training school, Wakefield, England, 1939; 5 years military service (qual. lt.-col.); 20 years penitentiary service.
Harris, F. S.	31 years penitentiary service.

3. Professional qualifications (concluded):

Weeks, J. H.	Royal navy 1914-1924; Canadian army overseas 1942-44; 33 years penitentiary service.
Hall, T. W.	17 years service—Canadian militia; 6 years military service W.W. 2 (major); 28 years penitentiary service including 7 years as warden, Saskatchewan penitentiary.
Hamilton, B. C.	6 years housemaster—Borstal institution, United Kingdom; 7 years navy service; 3 years sup't of prison—Mauritius; 1 year lt. commander R.C.N. headquarters; 2 years penitentiary service headquarters.
DeVarennes, J. A.	6 years Canadian army (active) W.W. 2; 17 years penitentiary service.
McMaster, H.	3 years R.C.M.P.; 1 year chief of police; 29 years penitentiary service.
Lalonde, R.	3 years Canadian army (active) W.W. 2; 17 years penitentiary service.
Dumouchel, J. R. A.	1½ years Canadian army (active) W.W. 2; 13 years penitentiary service.
Fortin, J. E. R.	3 years Canadian army (active) W.W. 2; 17 years penitentiary service.
Mills, H. E.	6 years active service W.W. 2—rank of major; 4 years penitentiary service.
Reid, M. J.	5 years Canadian army (active); 17 years penitentiary service.
Halfhide, D. J.	6 years military service—rank of major; 14 years penitentiary service.
Bell, H. S.	3 years military service; 10 years penitentiary service.
Orlesky, N. E.	5 years military service; 19 years penitentiary service.
Jacobson, L. K.	Diploma in agriculture—University of Saskatchewan; 3 years navy service; 13 years penitentiary service.
Collins, H. A.	11 years military service; 15 years penitentiary service.
Wilson, R. A.	24 years penitentiary service.

CORPORAL PUNISHMENT IN FEDERAL INSTITUTIONS

Question No. 172—**Mr. Orlikow:**

1. How many times has corporal punishment been used each year for the past ten years in federal institutions?

2. How many prisoners have had such corporal punishment more than once?

Mr. Macdonald:

1. Fiscal year ending	Awarded by outside court	Awarded by warden's court
March 1954	24	22
March 1955	9	83
March 1956	39	38
March 1957	24	34
March 1958	36	13
March 1959	17	18
March 1960	7	23
March 1961	12	63
March 1962	21	4
March 1963	14	60

2.

Fiscal year ending	Awarded by outside court	Awarded by warden's court
March 1954	nil	1
March 1955		13
March 1956		1
March 1957		3
March 1958		nil
March 1959		1
March 1960		3
March 1961		1
March 1962		nil
March 1963		1

Questions

INDIAN AFFAIRS BRANCH EXPENDITURES, CANYON CITY, B.C.

Question No. 188—**Mr. Howard:**

For each fiscal year since 1952, how much money has been spent by the Indian affairs branch in the Indian village of Canyon city, British Columbia?

Mr. Munro:

1952-53	$ 3,005.76
1953-54	3,087.12
1954-55	4,534.40
1955-56	3,980.33
1956-57	7,453.42
1957-58	5,783.59
1958-59	7,712.58
1959-60	10,284.37
1960-61	16,948.06
1961-62	32,257.02
1962-63	20,954.10
Total	$116,000.75

GRAIN STORAGE COSTS

Question No. 196—**Mr. Howard:**

Since 1940, how much money has been paid by what departments or agencies to grain companies for the storage of grain?

Mr. Pepin: Since 1940 the Canadian wheat board has paid $617,947,638 for the storage of grain. Of this total, the board recovered from the consolidated revenue fund under the provisions of the Temporary Wheat Reserves Act the sum of $187,947,909. During the period 1939-45 a program under the authority of the agricultural supplies board was administered by the Department of Agriculture which made available reserve stocks of feed grains in eastern Canada for distribution during the winter and early spring. Storage charges during the holding periods were paid, but these cannot be identified, as a breakdown of expenditure for the complete program is not available from the records.

MAK TAK KING—ARREST UNDER IMMIGRATION ACT

Question No. 197—**Mr. Howard:**

Was one Mak Tak King, alias Wong Doo Chung, (a) arrested and (b) charged under section 16 of the Immigration Act and, if so, when, what was the nature of the charge, and the disposition thereof?

Mr. Macdonald: (a) Yes, arrested by the R.C.M. Police at Vancouver, B.C., on August 20, 1962, under the provisions of section 16 of the Immigration Act for the reason that he was an illegal entrant.

(b) No charges were laid but he appeared before a special board of inquiry held by the immigration branch at Vancouver, B.C., on August 21, 1962, which was adjourned until September 11, 1962 and Mak Tak King was released. On September 11, 1962 the inquiry was reopened and adjourned *sine die*.

CASES CONSIDERED BY IMMIGRATION INQUIRY BOARDS

Question No. 225—**Mr. Mather:**

How many cases have been considered by immigration branch boards of inquiry since January 1, 1960, and of these (a) how many cases were appealed (b) how many persons were allowed to remain in Canada (c) what are the usual reasons for deportation?

Mr. Munro: From January 1, 1960, to December 31, 1962, 2,862 persons were ordered to be deported from Canada following an inquiry under the Immigration Act. This number represents only those persons who were within Canada at the time of the inquiry and does not include persons ordered deported on their arrival at a port of entry seeking admission to Canada.

(a) Appeals were entered on behalf of 1,638 of these persons.

(b) Deportation was not carried out in the case of 889 of these persons; some were allowed to remain permanently, others temporarily under surveillance and others because deportation in their case was impratical.

(c) The most common causes for deportation in these cases are: (i) ship desertion (ii) criminality, (iii) illegal entry, (iv) violation of duration or conditions of stay as non-immigrant.

Question No. 254—**Mr. Stefanson:**

1. Did the B.B.G. approve a C.B.C. application for an increase in the effective radiated power, a change in channel, and a change of antenna site, of station CBWT, Winnipeg, Manitoba?
2. If so, when was approval given and what changes are proposed in regard to video, audio, channel and antenna?
3. What site was chosen for the location of the new antenna; when was the property purchased, from whom, and at what cost?
4. Were any other sites considered?
5. (a) What is the total estimated cost of the project? (b) what is the estimated cost of the building proposed at the new site?
6. When is this work scheduled to be completed and change of channel to be effective?
7. What is the estimated cost to viewers for changes of antenna resulting from change of channel (a) on a per house basis (b) total cost for the interlake area (c) total cost for Manitoba?
8. Is there any guarantee that these changes will improve television service for the interlake area especially for areas like Riverton, Arborg, Fisher Branch, Hodgson, Eriksdale and Ashern (Ashern, at present, gets neither Winnipeg nor Yorkton)?
9. Should these changes fail to bring about an improvement in television viewing for the interlake area, what action will the B.B.G. or the C.B.C. take?

Mr. Pickersgill: I am informed by the board of broadcast governors and the Canadian Broadcasting Corporation as follows:

1. Yes.

2. The application was for an increase in effective radiated power from 57,800 watts ERP (video), 34,700 watts ERP (audio), to 100,000 watts ERP (video), 50,000 watts ERP (audio), a change in channel from channel 3—to channel 6—and an increase in the effective height above average terrain from 196 feet to 1,027 feet. The board's recommendation for the approval of this application was contained in its public announcement of April 18, 1962.

3. L.S.D.I., section 27, township 9, range 1, W.P.M. near Starbuck, Man., acquired by certificate of title dated March 5, 1963, from Gordon Miller Livingston and Ann Livingston for the sum of $8,000.

4. Yes, and the most suitable site acquired.

5. (a) $1,267,000. This estimated amount covers the combined move and change of channels for CBWT and CBWFT.

(b) As tenders for construction of the building are about to be called it could be prejudicial to the public interest to disclose this information at this time.

6. The target date for service on the new channel is October 1964.

7. In areas where outside type antennas are used it is unlikely that changes will be required, other than reorientation in some cases, (a) one service call, (b) statistics are not available to the corporation, on the number of homes with T.V. antennas, (c) same as part (b).

8. It is anticipated that some areas of the interlake region will receive an improved service, but it is not possible to guarantee reception in specific areas.

9. The Canadian Broadcasting Corporation intends to conduct a survey of reception in the area following the completion of the proposed changes to CBWT. The results of this survey will be used to determine what action if any should be taken.

QUALIFICATIONS FOR SHIP INSPECTOR, CIVIL SERVICE

Question No. 279—**Mr. Smith:**

Was it considered necessary that a ship inspector, civil service competition No. 63-238, should possess a certificate of competency "valid in the United Kingdom or any other certificate recognized by reciprocal government agreement as being equivalent", and, if so, for what reason?

Mr. Cantin: It is considered necessary that a ship inspector 2 (machinery) possess a Canadian certificate of competency valid in the United Kingdom or any other certificate recognized by reciprocal government agreement as being equivalent.

In the performance of his duties as outlined in the Canada Shipping Act, a ship inspector 2 (machinery) is required to inspect internationally registered vessels, and to examine candidates for marine engineer's certificates. The ship inspector must, therefore, possess the highest Canadian certificate himself.

A Canadian first class certificate valid in the United Kingdom is granted under conditions of examination and qualification required for a comparable certificate issued in the United Kingdom. Such certificates are accepted by both countries under a reciprocal agreement embodied in the commonwealth merchant shipping agreement. These certificates are of the highest grade issued in Canada and candidates for them must have comprehensive experience and a sound technical education in order to qualify.

C.B.C. TELEVISION STATION, FLIN FLON, MAN.

Question No. 282—**Mr. Simpson:**

1. What is the amount of the annual budget of the C.B.C. television station in Flin Flon, Manitoba?
2. What is the amount of the operational maintenance costs?
3. What is the amount of the operational program costs?
4. What were the proposed rental fees of the Manitoba telephone system?

Mr. Pickersgill: I am informed by the Canadian Broadcasting Corporation as follows:

1, 2, and 3. The C.B.C. television station at Flin Flon is coupled with that at The Pas. They were planned as a complex and are operated jointly using television recordings. The cost of television recordings for non-connected stations is a national program charge, and is not included in the operating cost of these stations. There are no local program originations at either station.

A staff of four people is based at Flin Flon to handle the television recordings and to provide maintenance service for both stations. Aside from the salaries of these four employees operating costs are confined to those for tube replacements, light, power, etc.

4. As to the amount proposed to be charged by the Manitoba telephone system to the corporation for microwave network service to Flin Flon, the provision of this information could adversely affect the corporation in the competitive business in which it is engaged. It can be stated, however, that the proposed annual rental was substantially higher than the annual costs involved in the present system of operation.

(Translation):

MOUNTED POLICE PATROL OF PLAINS OF ABRAHAM

Question No. 315—**Mr. Laprise:**

What is the strength of the R.C.M.P. guard on the plains of Abraham (a) during the tourist season (i) in the daytime (ii) at night (b) outside the tourist season (i) in the daytime (ii) at night?

Questions

Mr. Macdonald: The R.C.M.P. guard on the plains of Abraham includes eight members of the Canadian corps of commissionaires and one R.C.M.P. officer as supervisor. Those officers are on duty from April 15 to December 1, with the following schedule:

Plains of Abraham: 8 a.m. to 4 p.m., 1 member of the Canadian corps of commissionaires, 4 p.m. to 12 midnight, 2 members of the Canadian corps of commissionaires; 12 midnight to 8 a.m., 2 members of the Canadian corps of commissionaires.

Promenade: 12 noon to 6 p.m., 1 member of the Canadian corps of commissionaires; 6 p.m. to 2 a.m., 2 members of the Canadian corps of commissionaires.

No R.C.M.P. guard is provided from December 2 to April 14 since the park is closed during that period.

POST OFFICE ADDITION, CHAPAIS, QUE.

Question No. 316—**Mr. Laprise:**

Does the government intend to enlarge the post office (a) at Chibougamau (b) at Chapais?

Mr. Badanai: (a) Yes, probably next year.

(b) Yes, it is hoped to complete an addition to the Chaplais post office before the end of the current fiscal year.

(Text):

FEDERAL CONTRIBUTION TO HOSPITAL CHIBOUGAMAU, QUE.

Question No. 317—**Mr. Laprise:**

1. Has the government contributed financially to the construction of the hospital at Chibougamau and, if so, what is the amount of that contribution?
2. When did the construction of the hospital begin, and how long has it been at the disposal of the local population?

Mr. Haidasz: 1. A project was recently received from the province of Quebec requesting assistance under the terms of the hospital construction grant on behalf of the construction of a hospital at Chibougamau, P.Q.

A calculation of federal assistance will be completed at an early date.

2. When the project was submitted it indicated that construction of the hospital had begun in 1961 and was expected to reach completion early in 1963.

AIRPORT TERMINAL BUILDING, EDMONTON

Question No. 328—**Mr. Thompson:**

With respect to the new air terminal building at Edmonton international airport—(a) what was the amount of each successful tender (b) what was the total tendered price of this building (c) how many change orders have been approved since contracts were let (d) what is the total increase in cost as a result of these change orders (e) on what basis will the architect's fees be paid (f) what will be the total amount of the architect's fees?

[Mr. Laprise.]

Mr. Cantin: (a) Amount of each successful tender:

Air terminal: Foundations and ground floor and temporary heating plant, $584,287.00; structural steel and steel decking, $846,200.00; superstructure, general works and equipment, $8,207,531.90.

Heating plant: Terminal services building (heating and auxiliary power plant), $950,000.00; high temperature water heaters, $95,252.00.

(b) Total accepted tender price for items listed in (a) $10,683,270.90.

(c) Number of change orders approved to date on five contracts listed under (a)—129.

(d) Total increase in cost to date, $72.775.81.

(e) The consulting architects are being paid a fee of 5 per cent of the actual cost of construction plus certain extra inspection costs and for preliminary work.

(f) The total estimated fees will be $650,000, inclusive of items listed under (e) above.

RESTON, MAN., POST OFFICE CONSTRUCTION

Question No. 329—**Mr. Dinsdale:**

Is it the intention of the government to proceed this year with the construction of a new post office at Reston, Manitoba, and, if so, when will tenders be called?

Mr. Badanai: This new post office is under consideration for construction during the present fiscal year.

*SENIOR CIVIL SERVANTS ON ACTING BASIS

Question No. 343—**Mr. Fisher:**

1. How long is it possible for a person to hold a senior post in the civil service on an acting basis?
2. When a senior servant holds a post on an acting basis for more than a year, what are the review procedures with regard to this kind of situation?
3. In the case of the recent acting director of the companies branch, what recommendations, if any, did the C.S.C. make to the government, initially, and during the acting status?
4. What minister of the crown approved the appointment on a continuing basis on May 17, 1963 as referred to by the Secretary of State on Thursday last?

Mr. Pickersgill: Mr. Speaker, the answers to these questions have been furnished to me by the civil service commission and I am merely communicating them to the house.

1. The length of time a person may receive acting pay in the civil service is governed by section 13 of the Civil Service Act and section 38 (2) of the regulations made under that act.

2. An acting pay period does not exceed 12 months except under conditions set forth in section 38 (2) of the civil service regulations referred to above.

3. None. It is not the function of the civil service commission to make recommendations

but to make appointments to vacant positions departments wish to have filled.

4. The appointment was made by the civil service commission on May 17, 1963.

*COMPETITION NO. 59-P-1D121

Question No. 344—**Mr. Fisher:**

1. Who were the members of the examining board for competition No. 59-P-1D121?

2. If the examining board interviewed the candidates in this competition (a) how many written applications were received (b) how many applicants were considered for personal interview (c) how many were actually interviewed, and what were their names, educational qualifications, and experience (d) what notice, if any, was given to the people interviewed?

Mr. Pickersgill: Mr. Speaker, I have been furnished the answers by the civil service commission and am communicating them to the house.

1. P. R. Powers, civil service commission (chairman of the board). Charles Stein, Q.C., then under secretary of state. W. R. Jackett, Q.C., then deputy minister of justice. J. F. MacNeill, Q.C., clerk of the Senate.

2. (a) Eleven.

(b) Seven applicants were considered for interview.

(c) and (d) Seven candidates were interviewed, but since the civil service commission was notified by the Secretary of State Department that the latter did not wish to fill this particular position at this time, the competition was not completed and all the candidates were notified in writing to this effect.

TRAINING OF CUSTODIAL PERSONNEL IN PENITENTIARIES

Question No. 349—**Mr. Brewin:**

Are guards or others employed for custodial duties in Canadian penitentiaries required to take any training after their appointment and, if so, what is the nature of their training?

Mr. Macdonald: Guards in Canadian penitentiaries receive, on appointment, an average of two weeks induction training. During the first six months of service, a recruit is closely supervised by his immediate superiors and by the staff training officer. At each institution, in-service training is conducted and comprises approximately 40 hours of training, each year, by way of group and individual discussions, staff conferences, classroom instruction and range firing practices. In addition, training courses are held on a continuing basis at the penitentiary staff colleges.

MAINTENANCE OF PUBLIC WORKS VESSELS, PORT BURWELL, ONT.

Question No. 352—**Mr. McBain:**

Is the government giving immediate consideration to maintaining in operation after 1963 public works dredge No. 116 and the tug *Hercules* now operating out of Port Burwell, Ontario?

Mr. Badanai: No. The department is planning to dispose of dredge No. 116 and the tug *Hercules* in the fall of 1963. This is in accordance with our policy of gradually reducing the number of federally owned dredges in operation and increasing the proportion of federal dredging carried out by private contractors. This unit is 58 years old and there would be considerable risk in keeping it in operation. It has been used only in safe waters for some time.

I should mention that disposal of the dredge is being delayed until the fall so that the community of Port Burwell and the crew of the dredge will have had advance notice of one full season in order to make other plans.

DREDGING, PORT STANLEY AND PORT BURWELL, ONT.

Question No. 354—**Mr. McBain:**

Are tenders being called by the Department of Public Works, or will they be called in 1963, for dredging at (a) Port Stanley, Ontario (b) Port Burwell, Ontario?

Mr. Badanai: (a) This will depend on the results of a survey to be carried out immediately.

(b) Yes. Tenders will be advertised early next month.

TORONTO—ASSISTANCE FOR CONSTRUCTION OF OLYMPIC POOL

Question No. 357—**Mr. Scott:**

1. During the years 1959, 1960, 1961, 1962, and 1963 were any requests made to the government by the city of Toronto for financial assistance in the construction of the Toronto olympic pool at the corner of Woodbine avenue and Eastern avenue in the city of Toronto?

2. If so, how many such requests were made, by whom were they made, and briefly, what was the nature of such requests, and what replies were given by the government?

Mr. Byrne: 1 and 2. Nil.

RUNWAY 07-25—COST OF REBUILDING

Question No. 358—**Mr. Fisher:**

1. Did the Department of Transport have any engineering or architectural plans for expansion of the air terminal building and rebuilding of runway 07-25 and associated runways before April 9, 1963, and, if so, were there any cost estimates?

2. If there were no cost estimates, when were the plans drawn up, and the cost figures determined?

3. What are the cost figures?

Mr. Cantin: It is assumed that the question refers to lakehead airport.

1. The department had plans before April 9, 1963, for the alterations and extension of the existing air terminal building and also for strengthening of runway 07-25.

Questions

2. There were cost estimates which have been included in the 1963/64 construction program.

3. (a) The estimated cost of the alterations and extension of the air terminal building is $735,000.

(b) The estimated cost of rebuilding runway 07-25 and associated work is $900,000.

CIVILIAN AIR FACILITIES, MOOSE JAW, SASK.

Question No. 359—**Mr. Pascoe:**

1. What arrangements have been made or are under way with the city of Moose Jaw, Saskatchewan, for the relocation of civilian aircraft facilities to replace the present municipal air base which is being taken over by the R.C.A.F. station on July 1 to provide additional space for pilot training in CL-41 jet aircraft?

2. What were the arrangements under which the city of Moose Jaw occupied hangar space and had landing rights at the R.C.A.F. station?

Mr. Cantin: 1. No arrangements have been made for the relocation of the civilian aircraft facilities at Moose Jaw airport. The city of Moose Jaw's representations of June 5 have been received by the Department of Transport and must be co-ordinated with the Department of National Defence.

2. The city of Moose Jaw occupied the hangar space at Moose Jaw airport under lease from the Department of Transport and was granted a public airport licence covering the use of the airport.

USE OF SASKATCHEWAN CLAY PRODUCTS BRICKS

Question No. 361—**Mr. Watson (Assiniboia):**

1. Has the Minister of Public Works received a letter from the city of Weyburn, Saskatchewan, with regard to why bricks made by the Saskatchewan Clay Products of Estevan are not specified as being acceptable for use in federal building construction?

2. Will the minister consider modification of specifications to include Saskatchewan Clay Products bricks for all federal construction projects in the province of Saskatchewan?

Mr. Badanai: 1. Yes.

2. Yes.

ARDA PROJECTS, SASKATCHEWAN

Question No. 366—**Mr. Korchinski:**

1. What projects have been undertaken in Saskatchewan under ARDA?

2. What is the nature of such projects?

3. What is the (a) federal government's share of these projects (b) provincial government's share?

4. Have requests been received from the province of Saskatchewan to undertake other projects and, if so (a) what are the locations of such projects (b) what is the nature of each project?

Mr. Beer: 1, 2 and 3. Twenty three projects have been approved in the province of Saskatchewan under the Agricultural Rehabilitation and Development Act. The projects, the nature of each and the share of the estimated cost to be borne by the federal and provincial governments for each project are as follows:

Description and nature of project	Federal share	Provincial share
Acquisition of marginal agricultural lands and their development as the fielding community pasture in the R.M. of Mayfield	$ 49,083.00	$46,417.00
Acquisition of marginal agricultural lands and their development as the Calder community pasture east of the city of Yorkton	$109,117.00	$88,683.00
Development of marginal agricultural lands as the St. Walburg community pasture in the R.M. of Greenfield	$ 44,300.00	$44,300.00
Acquisition of marginal and submarginal agricultural lands for public recreational purposes at Last Mountain lake.	$ 13,200.00	$13,200.00
Acquisition of marginal and submarginal agricultural lands for public recreational purposes on Buffalo Pound lake, north of Moose Jaw	$ 45,567.00	$91,133.00
Acquisition of marginal agricultural lands and their development as the Big River community pasture, northwest of Prince Albert	$ 51,700.00	$51,300.00
Acquisition of marginal agricultural lands and their development as the Grill Lake community pasture, south of Unity	$ 87,773.00	$55,527.00
Acquisition of marginal agricultural lands and their development as the Whitebeech community pasture in the R.M. of Livingston	$ 80,317.00	$68,083.00

Questions

Description and nature of project	Federal share	Provincial share
Acquisition of marginal agricultural lands and their development as the Togo community pasture northeast of Yorkton	$ 66,050.00	$53,050.00
Acquisition of marginal agricultural lands and their development as the Pontrilas community pasture in the R.M. of Nipawin	$ 39,850.00	$38,850.00
A land capability study to compile a broad map of Saskatchewan separating the various physiographic areas into general capability categories	$ 18,400.00	Nil
The development of a comprehensive inventory of agricultural resources	$ 19,000.00	$19,000.00
An analysis of hydrometric stations to increase the efficiency of the present hydrometric network	$ 4,500.00	Nil
Drainage of agricultural lands of the Petaigan Basin and Moose Range in northeastern Saskatchewan	$ 31,327.00	$31,328.00
Drainage of agricultural lands in the Aylsham Basin of the Nipawin Conservation and Development Area	$ 15,652.00	$15,653.00
Drainage of agricultural lands in the Goyer flood control project	$ 2,302.00	$ 2,303.00
Drainage of agricultural lands in the Kipling marsh flood control project	$ 7,035.00	$ 7,035.00
Drainage of agricultural lands in the Lenvale flood control project	$ 692.00	$ 693.00
Drainage of agricultural lands in the Arborfield flood control project	$ 2,222.00	$ 2,223.00
The planting of trees as field and roadside shelterbelts in the southern half of the province	$ 13,677.00	$27,323.00
A socio-economic research study to obtain data describing the inventory of resources under the control of farmers in the Rollo Park, Garrick, and Broadview areas	$ 12,300.00	$12,300.00
A study to provide information for soil capability inventory, economic land classification, and land-use planning within Census Division No. 16	$ 6,100.00	Nil
University of Saskatchewan Centre for community studies seminar on ARDA	$ 500.00	Nil

4. Yes, six project proposals are under consideration. (a) and (b): 1. A research project respecting farm cash income for each of the 294 rural municipalities. 2. A research project involving a study to classify those settled areas which are suitable for wildlife recreational development purposes. 3. A groundwater exploration study of a portion of the southern area of the province, the exact scope having not yet been determined. 4. A community and economic study for rural development purposes in the area of Census Division No. 16, approximately north and west of Saskatoon. 5. The acquisition of marginal and other related agricultural lands at Saskatchewan Landing for the development of a provincial park. 6. The development of marginal farm lands north of Prince Albert for the Clearwater Grazing Co-operative.

UNEMPLOYMENT INSURANCE FUND

Question No. 372—**Mr. Beaule:**

1. What was the total amount of contributions to the unemployment insurance fund during the past year?

2. What was the employers' share?

3. What was the employees' share?

4. What was the government's share?

5. What was the total amount of benefits paid out of the unemployment insurance fund during the past year (a) for the whole of Canada (b) for each province?

6. What was the number of claimants in each province?

Questions

Mr. Byrne: 1. $340,546,345.

2. $141,889,012.

3. $141,889,012.

4. $56,768,321.

5. (a) $403,191,168.

(b)

Newfoundland	$ 20,873,109
Prince Edward Island	$ 3,408,194
Nova Scotia	$ 21,293,048
New Brunswick	$ 19,946,649
Quebec	$ 123,026,283
Ontario	$ 117,822,350
Manitoba	$ 19,550,432
Saskatchewan	$ 13,103,124
Alberta	$ 22,179,317
British Columbia	$ 41,988,662

Note—The revenue and expenditure figures quoted in questions 1 to 5 are for the fiscal year 1962-63. They are interim and therefore subject to year end adjustments.

6. Claimants reporting to local offices at the end of each month—April 1962-March 1963

	Newfoundland	Pr. Ed. Island	Nova Scotia	New Brunswick	Quebec
April/62	27,253	4,826	33,560	32,678	174,620
May	9,885	919	14,736	12,386	80,528
June	6,678	749	10,181	8,568	66,079
July	5,883	819	9,927	8,159	63,101
August	5,824	744	10,633	8,709	57,618
September	5,783	718	10,183	8,744	60,286
October	6,063	880	12,526	10,242	73,359
November	14,032	2,504	19,320	17,990	111,469
December	32,985	6,013	30,896	31,024	179,327
January/63	39,380	7,802	39,971	37,744	208,435
February	40,016	8,014	40,947	39,592	221,247
March	35,771	7,046	40,059	38,780	215,779

	Ontario	Manitoba	Sask.	Alberta	B. C.
April/62	156,463	29,238	19,061	33,537	53,242
May	79,848	12,570	6,669	15,966	30,355
June	71,161	9,890	5,010	11,983	24,012
July	79,693	8,526	4,482	9,937	21,448
August	71,631	7,693	4,164	10,131	21,547
September	65,210	8,647	4,277	10,678	23,273
October	78,959	11,314	5,941	13,676	31,180
November	109,821	18,705	11,641	22,393	46,316
December	167,299	28,844	20,046	29,237	66,294
January/63	197,795	36,169	25,683	38,165	71,937
February	201,519	35,626	25,931	39,079	68,490
March	193,995	32,130	23,934	37,619	62,205

ADVISORY COUNCIL ON VOCATIONAL TRAINING

Question No. 376—**Mr. Beaule:**

1. Does the government intend to amend the Technical and Vocational Training Assistance Act in order to contribute proportionately to the student population of each province?

2. Are the members of the national advisory council for technical and vocational training appointed by the governor general in council?

3. Are the representatives of employers and employees designated or suggested by employers' associations and employees' unions?

4. Are the suggestions of employers' associations and employees' unions in that respect always accepted by the government?

5. Do the provincial governments designate their own members or are they selected by the federal government?

Mr. Byrne: 1. Amendments to the Technical and Vocational Training Assistance Act will be introduced during the current session to provide for the measures outlined in my statement in the house on June 10.

2. Yes.

3. Yes.

4. This is ordinarily the case; the government may, however, request additional or alternative nominations.

5. Representatives of provincial governments are nominated by the provinces.

PROVINCIAL REPRESENTATIVES, ILO CONFERENCE, GENEVA

Question No. 379—**Mr. Perron:**

1. Did the federal government invite the provincial governments to send representatives to the ILO conference being held in Geneva?

2. If so, how did the provincial governments reply, and which provincial governments sent observers to that conference?

Mr. Byrne: 1. Yes, an invitation was sent to all provincial ministers of labour on December 17, 1962, to send representatives to the ILO 47th session, Geneva, June, 1963.

2. Most of the provinces while expressing their interest in the conference sent their regrets in being unable to have representatives in attendance this year. The ministers of labour of Nova Scotia and of Newfoundland and the chairman of the workmen's compensation commission of the province of Quebec are in attendance at the conference at the present time.

*PUBLIC SERVICE FACILITIES IN NATIONAL PARKS

Question No. 381—**Mr. Mather:**

Has the federal government any program respecting the construction and operation of suitable motels or other public service facilities in the national parks of Canada located on the route of the trans-Canada highway?

Mr. Laing: Mr. Speaker, this department is, of course, concerned to see that suitable motels and other public service facilities are available for visitors to the national parks of Canada, whether located on the route of the trans-Canada highway or not. It is the general policy that motels, hotels, cabin developments and restaurants be provided by private enterprise. These will in future increasingly be located in visitor service centres in order better to serve both park visitors and the general travelling public. As the need arises for such facilities the normal procedure is to advertise sites for public bidding, although some exceptions are made; for example, to accommodate businesses displaced by other park development.

Other public service facilities—notably camp grounds, where the demand has grown very greatly in recent years—are provided by the national parks administration. The policy here is simply to attempt to provide facilities as and where required, keeping in mind the importance of keeping inviolate the amenities which brought the visitors to the park in the first place.

I might remind hon. members here, Mr. Speaker, that the enormity of this problem and its importance can best be illustrated when I tell the house that the number of campers in our national parks has increased in the last ten years from 91,000 in 1952 to 634,000 in 1962.

DREDGING, TONEY RIVER AND BAILEY'S BROOK, N.S.

Question No. 385—**Mr. MacEwan:**

Is it the intention of the government to carry out dredging at Toney river and Bailey's brook, Nova Scotia, during the present year?

Mr. Badanai: Yes.

HARBOUR IMPROVEMENTS, SKINNER COVE, N.S.

Question No. 386—**Mr. MacEwan:**

Is it the intention of the Department of Public Works to carry out harbour improvements at Skinner Cove, Nova Scotia, during the present year and, if so, what do the improvements include?

Mr. Badanai: Yes. The work will include reconstruction of part of the west pier and dredging the harbour area and approaches where necessary.

WHARF REPAIRS, CAPE JOHN AND RIVER JOHN, N.S.

Question No. 387—**Mr. MacEwan:**

Is it the intention of the Department of Public Works to carry out wharf repairs at Cape John and River John, Nova Scotia, during the present year?

Mr. Badanai: Cape John, Nova Scotia, yes River John, Nova Scotia, no.

ROAD RECONSTRUCTION, MACDONALD COVE, N.S.

Question No. 388—**Mr. MacEwan:**

Is it the intention of the Department of Public Works to widen and reconstruct the approach road to the wharf at MacDonald's cove, Nova Scotia, during the present year?

Mr. Badanai: No, not at the present time.

APPOINTMENTS TO REVENUE POST OFFICES

Question No. 389—**Mr. Korchinski:**

What is the criterion under which an appointment of a postmaster is made in a revenue post office?

Mr. McWilliam: The Postmaster General appoints revenue postmasters where the annual revenue of the office does not exceed $3,000. The criteria for selection are: (1) Canadian citizenship, (2) residence in the locality served by the post office, (3) adequate educational and other qualifications to perform the duties of the position, (4) ability to furnish accommodation, centrally located (5) priority to applicants who are entitled to the veterans preference and who are otherwise qualified as per 1, 2, 3, 4.

Appointments of postmasters in revenue post offices where the annual revenue exceeds $3,000 per annum are made by the civil service commission as the result of either closed or open competitions.

In the closed competitions, only postal employees may apply and the selection is based on the merit system. For the open competitions, in most cases, only residents of the area served by the post office may apply. However, if it is unlikely that a successful candidate can be found in the area served by the post office the competition would encompass a wider area. The appointment is made on the basis of merit and subject to the statutory preference for veterans.

On occasion there will be an assistant to the postmaster who will have sufficient

knowledge and experience to merit the appointment without the necessity of a formal competition. The deputy head will make this request to the commission which, if satisfied as to the equity of the case, will make the appointment subject to the appeal of other employees of the post office concerned.

OUTLET POST OFFICE, KINGSTON ROAD, TORONTO

Question No. 397—**Mr. Scott:**

Has the government received a request for the placing of an outlet post office for the sale of stamps, etc., on Kingston road in the city of Toronto between Main street and Victoria Park avenue, and, if so (a) by whom were the requests made (b) what was the nature of the government's response to them (c) is the area suitable for the placement of such a post office?

Mr. Denis: Yes.

(a) In June, 1960, a request for a sub post office at 1003 Kingston road was made by Mrs. Elizabeth Ketcheson through the intermediary of Mr. R. Hardy Small, M.P.

(b) It was considered that postal facilities in the area were adequate at that time.

(c) In view of the time since the application, the situation is being re-examined.

EXPANSION OF FACILITIES, POINT EDWARD NAVAL BASE

Question No. 398—**Mr. Muir (Cape Breton North and Victoria):**

1. What are the plans for the expansion of the magazine facilities at the Point Edward naval base?
2. What plans has the government for the expansion of other facilities?

Mr. Hellyer: 1. It is intended to expand the magazine facilities by constructing four ammunition storehouses, one ammunition laboratory, an access road and improvements to fencing in the magazine area.

2. It is intended to provide bulk storage for ships' bunker fuel and aviation gas with receiving and dispensing lines.

FEED GRAIN FOR B.C. RANCHERS

Question No. 405—**Mr. Willoughby:**

What consideration is being given to providing feed grain at equitable prices to interior British Columbia ranchers?

Mr. Beer: Assistance is now provided on the movement of western feed grains to British Columbia feeders. The rate of assistance is the freight cost by the most economical route less $5 per ton. The broad question of feed grains is under review.

SKIDEGATE NARROWS, B.C., DREDGING

Question No. 406—**Mr. Mather:**

Is the government considering providing, by dredging, a suitable passage through Skidegate narrows, in the Queen Charlotte islands, B.C., to accommodate fishing vessels in the 70 to 90 foot range enabling them to utilize the herring stocks in that area?

[Mr. McWilliam.]

Mr. Badanai: Dredging of some isolated high spots has been authorized. A channel through Skidegate narrows was dredged in 1955-56 and is adequate for vessels of 70 to 90 foot range at 14 feet of tide or better, although some local knowledge is required to navigate.

EXECUTIVE ASSISTANT TO AGRICULTURE MINISTER

Question No. 409—**Mr. Madill:**

1. Who is the executive assistant to the minister of agriculture?
2. When was he appointed?
3. What are his qualifications in the field of agriculture?
4. What salary does he receive?

Mr. Beer: 1. D. F. McIntosh.

2. May 15, 1963.

3. Family farm in Saskatchewan; diploma in dairy manufacture, University of Manitoba; ten years experience in the dairy industry in Saskatchewan and Alberta; 14 years experience as a director of the Calgary Exhibition and Stampede Limited, and for more than half of that period a member of the executive board.

4. $9,000 per annum.

ARDA PROJECTS, ALBERTA

Question No. 411—**Mr. Horner (Acadia):**

1. How many, and what are the names of the projects asked for by Alberta under the Agriculture Rehabilitation and Development Act, and what is the total anticipated cost?
2. What are the respective percentages paid by the federal and provincial governments?

Mr. Beer: 1. Six projects have been submitted by the province of Alberta, for consideration under the Agricultural Rehabilitation and Development Act, involving a total estimated cost of $1,193,595. The names of these projects are:

Irrigated farm development studies, Seven Persons irrigated grazing reserve, Rannock grazing reserve, Wanham grazing reserve, Bow island irrigated grazing reserve, Wetaskiwin grazing reserve.

2. The Wanham grazing reserve project only has been approved to date, of which 50 per cent of the cost is to be paid by the federal government and 50 per cent is to be paid by the province of Alberta.

*PAYMENTS UNDER MILK SUBSIDY

Question No. 413—**Mr. Vincent:**

1. How many milk producers are registered, and have drawn the 25 cents per cwt subsidy paid by the federal government during the 1962-63 fiscal year?
2. What was the total amount paid out in this respect?

Mr. Beer: 1. 65,840 registered milk producers have drawn the 25 cents per cwt.

subsidy paid by the federal government on milk used for manufacturing purposes during the 1962-63 fiscal year.

2. The total amount paid out in this respect was $13,044,319.

*COST OF NEW MILK SUBSIDY

Question No. 414—**Mr. Vincent:**

1. How many milk producers are eligible for, and will draw the new subsidy at the rate of 30 cents per cwt. during the 1963-64 fiscal year?
2. What is the total estimated cost of this subsidy?

Mr. Beer: 1. As of May 1, 1963, 81,194 producers were registered as eligible for the new subsidy of 30 cents per cwt. on milk used for the manufacture of cheddar cheese. It is not known how many of these producers will draw the new subsidy as this will depend on their decisions in respect of the type of plant to which they deliver their milk.

2. The estimated cost of this subsidy is $3,850,000.

*COST OF SUBSIDY ON CASEIN

Question No. 415—**Mr. Vincent:**

1. What is the total estimated cost of the 10 cent subsidy paid by the federal government on casein?
2. How many commercial factories manufacturing this product will receive this subsidy?

Mr. Beer: 1. Based on last year's production, the estimated total cost of the 10 cent subsidy to be paid by the federal government on casein is $2,220,000.

2. There are 14 commercial factories manufacturing dried casein which are eligible to receive this subsidy.

FARM LOAN APPLICATIONS, DORCHESTER CONSTITUENCY

Question No. 416—**Mr. Boutin:**

1. How many applications for farm loans were received from residents of the constituency of Dorchester during 1962, and of these, how many were (a) approved (b) rejected?
2. What is the total amount of the farm loans approved?
3. What is the total number, and the amount of the loans approved for each parish in this constituency?

Questions

Mr. Beer: 1. For the municipal county of Dorchester, 13 applications were received.

(a) 8 approved.

(b) 4 rejected before appraisal, 1 after appraisal (total 5).

2. $103,000—municipal county of Dorchester.

3. The Farm Credit Corporation does not maintain its records by parishes.

NUMBER OF UNEMPLOYED, DORCHESTER CONSTITUENCY

Question No. 417—**Mr. Boutin:**

What is the total number of unemployed persons in the constituency of Dorchester?

Mr. Byrne: This information is not available.

FEDERAL EMPLOYEES, DORCHESTER CONSTITUENCY

Question No. 418—**Mr. Boutin:**

How many federal government employees work in the constituency of Dorchester?

Mr. Pepin: The constituency of Dorchester consists of the county of Dorchester and part of the county of Beauce. No statistics are available showing employment by electoral districts or counties. Analysis of information available for the economic region which includes the constituency of Dorchester indicates that no persons employed under the Civil Service Act at September 30, 1962 were located in that constituency. Statistics on employees not covered by the Civil Service Act are not available by economic region.

WINTER WORKS EXPENDITURES, DORCHESTER CONSTITUENCY

Question No. 419—**Mr. Boutin:**

1. During the 1962-63 season, what amount has the government spent within the framework of the winter works program in the constituency of Dorchester?
2. What amount was spent in each of the parishes?

Mr. Byrne: 1 and 2. Municipal winter works incentive program, 1962-63, constituency of Dorchester.

28902-5—79½

	Estimated Fed. Govt. Share authorized	Claims received and paid to June 14, 1963
	$	$
Lac Etchemin	5,000	
Louis Joliette	1,000	
Rainville	1,500	1,200.00
St. Anselme	1,120	
St. Aurelie	2,000	
St. Benjamin	5,500	1,977.38
St. Bernard	4,500	2,897.84
St. Claire	2,317	
St. Cyprien	3,000	
St. Edouard-de-Frampton	4,327	3,200.00
St. Henedine	1,000	642.10
St. Isidore	750	
St. Justine	3,570	1,106.40
St. Leon-de-Standon	450	
St. Louis-de-Gonzague	19,550	7,492.51
St. Luc	13,750	
St. Malachie	7,500	
St. Nazaire	2,750	
St. Odilon-de-Cranbourn	1,900	942.00
St. Prosper	7,500	3,000.00
St. Rose-de-Watford	11,884	
Totals	100,868	22,458.23

PROPOSALS FOR MANUFACTURE OF HEAVY WATER

Question No. 424—**Mr. Lambert:**

Have any proposals been received by the government from individual concerns interested in manufacturing heavy water following the announcement of the previous administration of an undertaking to purchase a maximum of 1,000 tons of heavy water over a period of five years and, if so (a) how many such proposals have been received (b) from what firms were such proposals received (c) has any decision been reached to accept any of these proposals (d) has any decision been reached as to the location of plant facilities for the production of heavy water under any of the above proposals (e) which of the companies making proposals are Canadian owned or Canadian controlled, and which are foreign owned or foreign controlled?

Mr. Drury: (a) 4.

(b) Deuterium of Canada Limited, Toronto; Dynamic Power Corporation, Calgary; Imperial Oil Limited, Toronto; Western Deuterium Company Limited, Victoria.

(c) No. The proposals are under study.

(d) No.

(e) All companies are incorporated in Canada. The extent of foreign ownership is being determined.

*EXPORT OF AUTO PARTS TO RED CHINA

Question No. 425—**Mr. Mather:**

Has the federal Department of Trade and Commerce received during the first five months of 1963 any applications for export permits for the shipment of auto parts to the Peoples Republic of China and, if so, (a) how many applications were approved, and of these (i) how many applications related to auto parts wholly manufactured in Canada (ii) how many applications related to auto parts manufactured in Canada by U.S. controlled companies (b) how many applications were rejected, and of these (i) how many applications related to auto parts wholly manufactured in Canada (ii) how many applications related to auto parts manufactured in Canada by U.S. controlled companies (c) were any export permits issued subsequently not used because U.S. controlled companies refused to supply goods?

Mr. Pepin: This question has to do with sales of auto parts to mainland China and the answer is as follows:

Sixteen applications for export permits for shipment of auto parts to mainland China have been received since the 30th of April, none previously. While none of these permits has yet been approved, it is expected that 13 of these permits will shortly be issued. Two applications require further supporting information. One application has been refused because the goods involved were of U.S. origin. The source of manufacture in Canada of the parts covered in these permits is not a consideration in the issue or refusal of a permit.

Naturally, there is no information yet with respect to the utilization of the permits but in any event this part of the question concerns a private matter between supplying firms and exporting houses which does not concern the administration of export control.

FARM LOANS, MOOSE MOUNTAIN CONSTITUENCY

Question No. 426—**Mr. Southam:**

1. What were the total number of loans made to farmers in the federal riding of Moose Mountain between October 1959 and April 8, 1963, by the Farm Credit Corporation?
2. What is the total amount of these loans in dollars?
3. What was the total number of loans made to farmers in the riding of Moose Mountain under the farm loan board from April 1954 to October 1959?
4. What is the total amount of these loans?

Mr. Beer: 1. From October 5, 1959 to March 31, 1963—371 loans. The figures from April 1 to April 8, 1963 are not available.

2. $3,351,750.

3. From April 1, 1954 to October 5, 1959—320 loans.

4. $1,556,750.

POST OFFICE BUILDING, TORQUAY, SASK.

Question No. 427—**Mr. Southam:**

Is it the intention of the government to construct a new building under the winter works incentive program at Torquay, Saskatchewan, in 1963 to be used as a post office?

Mr. Badanai: No. This post office reverted to revenue status in February, 1963 and responsibility for accommodation for this grade of postal service is that of the postmaster.

FARM DUGOUTS, MOOSE MOUNTAIN CONSTITUENCY

Question No. 428—**Mr. Southam:**

1. How many farm dugouts were developed in the riding of Moose Mountain during the periods 1951 to 1957 and 1957 to 1963?
2. What was the total cost of these dugouts in the two periods mentioned?

Mr. Beer: 1. The number of farm dugouts developed under the Prairie Farm Rehabilitation Act program from 1951 to 1957 was 4,336.

The number of farm dugouts developed under the Prairie Farm Rehabilitation Act program from 1957 to 1963 was 2,516.

2. Total cost to the federal government from 1951 to 1957 was $540,786.07.

Total cost to the federal government from 1957 to 1963 was $464,650.89.

CONSERVATION DAMS, MOOSE MOUNTAIN CONSTITUENCY

Question No. 429—**Mr. Southam:**

In 1963 how many dams will be constructed in the constituency of Moose Mountain under the P.F.R.A. water conservation program, and where will they be constructed?

Mr. Beer: Investigations are being conducted in respect to two community storage dams on the Gainsborough and Moose Mountain creeks, with a view to construction being undertaken in 1963. Consideration is being given to the construction of a number of small community projects on tributaries of the Souris river, but the exact number has not been determined.

*NATIONAL HEALTH AND WELFARE DOCTOR, CAMBRIDGE BAY, N.W.T.

Question No. 434—**Mr. Rheaume:**

Has the Department of National Health and Welfare been able to secure the services of a resident doctor for the people of the central Arctic at Cambridge Bay, N.W.T., and, if not, (a) how long has this position been vacant (b) what steps are being taken to fill the position (c) what salary level is being offered (d) how does this salary compare with that paid by the D.E.W. line to its resident doctor at Cambridge Bay, N.W.T.?

Mr. Haidasz: No.

(a) This position has been vacant since it was established on April 1, 1961.

(b) Efforts have been made by the civil service commission and the Department of National Health and Welfare to obtain a medical officer for this post.

(c) The salary ranges from $7,500 for a recent graduate to $11,600 for higher qualifications and experience, plus northern allowances and less deductions for housing and utilities.

(d) The department has no authentic information regarding professional salaries to medical officers employed by the agency operating the D.E.W. line.

WENTWORTH STATION, N.S., POST OFFICE

Question No. 438—**Mr. Coates:**

1. Will the post office at Wentworth Station, Nova Scotia, be closed?
2. Is it the intention of the Post Office Department to erect a new post office in the Wentworth area?

Mr. McWilliam: 1. There is no move contemplated to close this post office at the present time.

2. No.

INSURANCE POLICIES, DEFENCE PRODUCTION DEPARTMENT

Question No. 441—**Mr. Valade:**

1. Did the Minister of Defence Production cancel insurance policies held by his department as of April 8, 1963 and, if so, for what reason?
2. From which companies were such policies purchased?
3. What was the amount of the insurance in each case as of April 8, 1963?
4. What were the premiums for each one?
5. What is the present amount of the insurance policies for each of the departments concerned?
6. What are the premiums paid for each one?
7. Were tenders called?

Mr. Drury: 1. No.

2. N/A.

3. N/A.

Questions

4. N/A.
5. N/A.
6. N/A.
7. N/A.

(Translation):

DEFENCE PRODUCTION—TENDER METHOD

Question No. 444—**Mr. Valade:**

1. Did the Minister of Defence Production cancel the open tender method used by his department at the time he assumed responsibility for it?

2. Has he awarded contracts by direct negotiation since he took office?

3. Does he intend to use this method in the future for matters which in the past were usually dealt with by public tender?

Mr. Drury: Mr. Speaker, the reply is no to the first part of the question and yes to the second part. As for the last part, it has always been the policy of the Minister of Defence Production to use the system of public tenders for purchases whenever possible. In actual practice, however, there are cases where this is impossible. We enter into contracts by means of direct negotiations when:

(a) conditions to call for public tenders do not exist; (b) reasons of security are involved; (c) sufficient sources of supply are not available; (d) there is military urgency; (e) delivery must be made in an isolated district or community; (f) the needs are so great that the usual sources of supply would be overloaded.

(Text):

LEGAL PAYMENTS, C.M.H.C. OFFICE, FORT WILLIAM, ONT.

Question No. 456—**Mr. Fisher:**

What were the total fees paid for each year since 1958 by the C.M.H.C. office in Fort William to each lawyer who was engaged for work relating to title search and preparation of mortgages covering direct loans made by C.M.H.C. under the N.H.A.?

Mr. Garland: Under normal mortgage practice, legal fees in connection with arranging of the mortgage are paid by the borrowers, and not by the lender. C.M.H.C. follows this general practice and, therefore, has no necessary records of the amount paid by borrowers.

N.H.A. MORTGAGE INSURANCE FUND

Question No. 457—**Mr. Fisher:**

1. How long, if ever, has the administration of N.H.A. required a 2 per cent premium for N.H.A. mortgage insurance?

2. For each year this requirement has been in effect, what income has it brought into the insurance fund, and what has been the total accumulation at the end of each year?

3. In association with the above figures, what are the totals of (a) homes insured (b) homes foreclosed (c) drain on the fund?

4. What is done with the insurance fund in terms of how it is invested and its fluidity?

5. When, and from what agencies and groups, if any, has the government received representations to reduce or to abolish this 2 per cent premium?

[Mr. Drury.]

Mr. Garland: 1. Since March 18, 1954, the National Housing Act has required the payment of an insurance fee for insuring loans.

2.

Year	Fees For Year	Accumulation at End of Year
1954	$ 2,389,850	$ 2,389,850
1955	9,237,250	11,627,100
1956	9,839,746	21,466,846
1957	7,278,911	28,745,757
1958	13,816,071	42,561,828
1959	13,146,403	55,708,231
1960	8,456,279	64,164,510
1961	10,970,952	75,135,462
1962	11,576,518	86,711,980

3.

(a)

Year	Units Insured (Approvals)	Accumulation at end of year
1954	40,433	40,433
1955	63,959	104,392
1956	39,356	143,748
1957	44,396	188,144
1958	75,962	264,106
1959	52,874	316,980
1960	35,019	351,999
1961	57,112	409,111
1962	45,660	454,711

(c)

Year	Units Foreclosed	Accumulation at end of year
1954	—	—
1955	—	—
1956	—	—
1957	6	6
1958	6	12
1959	27	39
1960	131	170
1961	1,077	1,247
1962	1,064	2,311

(b)

Year	Claims on the Fund	Accumulation at end of year
1954	—	—
1955	—	—
1956	—	—
1957	$ 38,185.	$ 38,185.
1958	62,130.	100,315.
1959	275,336.	375,651.
1960	1,496,596.	1,872,247.
1961	9,840,791.	11,713,038.
1962	9,714,641.	21,427,679.

4. Pursuant to section 10(3) of the National Housing Act, 1954, Central Mortgage and Housing Corporation invests all of the mortgage insurance fund in obligations of or guaranteed by the government of Canada. As these investments are readily marketable, the fund is in a continuously fluid position.

5. This government has not received formal representations from any agency or group regarding the mortgage insurance fee.

CONVERSATIONS RESPECTING TELEVISION STATION, NEWFOUNDLAND

Question No. 471—**Mr. Fisher:**

1. Has the Secretary of State or any other member of the ministry held conversations of any kind since April 8 with Mr. Don Jameson of CJON-TV Newfoundland regarding the intention of the C.B.C. to establish a T.V. outlet in Newfoundland?

2. If so, what representations did Mr. Jameson make regarding the C.B.C. venture in terms of enthusiasm or objection to the proposal?

3. Did Mr. Jameson ask specifically that this project not be proceeded with and, if so, what reply was given him?

Mr. Pickersgill: Mr. Speaker, I propose to answer this question orally but before doing so I should like to raise a question of order because I would not wish my answer in this particular case to constitute a precedent.

I have always understood that questions on the order paper were for the purpose of seeking information about the administration for which the minister is responsible to parliament and did not extend to private conversations the minister may have had with private individuals.

Having made that reservation of the principle, sir, I wish to give voluntarily the following answer.

I have had one or two conversations with Mr. Jameson both before and after April 8 in which the application of the C.B.C. to establish a television outlet in Newfoundland was discussed. Mr. Jameson never asked that the project not be proceeded with and, in fact, he told me that he believed that it was desirable to have alternative television programs available in St. John's.

SUNFLOWER SEED SUPPORT PRICE

Question No. 475—**Mr. Jorgenson:**

Has a decision been made regarding the support price for sunflower seeds for the current crop year and, if so, what are the levels of support?

Mr. Beer: No decision has as yet been made concerning the support price for sunflower seeds for the 1963 crop.

*POLITICAL BROADCAST ON ELECTION DAY, STATION CKAC

Question No. 478—**Mr. Valade:**

Questions

1. Was an article of a political nature read over station CKAC on April 8, 1963, that is on the regular polling day, and, if so, what was said in this article?

2. Was a protest made to the B.B.G. in this connection and, if so, by whom?

3. Is the government of the opinion that the incident constitutes a violation of the Broadcasting Regulations or of the Elections Act, 1962 (or of both)?

4. What disciplinary measures is the B.B.G. in a position to take against station CKAC with regard to this matter; has the government called the B.B.G. to account about it and, if so, what explanations were received?

5. If not, is it the intention of the government to ask for a report on the matter?

6. Has the B.B.G. investigated the incident and, if so, when and what was the B.B.G.'s decision?

7. If not, when does the B.B.G. intend to look into the matter?

Mr. Pickersgill: The B.B.G. advises that the answers to questions 1 and 2 are as follows:

1. Yes. The text of the article is attached.

2. Yes, a telephone call from le Siege Social, l'Association du Crédit Social du Canada, Montréal; a telegram from Rod Bourdages, le Parti Progressiste Conservateur, Montréal; a telegram from Georges Valade, Candidat, Progressiste-Conservateur, Comté Montréal, Ste. Marie, P.Q.

3. This is a request for a legal opinion which it is not customary to provide in answer to a question.

4. The B.B.G. advises that it could take action in two ways; first, a suspension of licence under section 15 of the Broadcasting Act and, second, by summary conviction under section 18 of the Broadcasting Act. Under section 15 a suspension of licence could be for a maximum period of three months. Under section 18, the maximum sanction for a summary conviction offence is a fine of $500 or imprisonment for six months or both. The government has not called the B.B.G. to account on this matter, and therefore no explanations have been received from the board.

5. This is a matter for the B.B.G., not the government.

6. I am informed that the B.B.G. has investigated the incident but has not yet made a decision on any course of action to be taken.

7. This question is not applicable as the board has investigated the incident.

(Translation):

The fate of French Canada

When he has considered all other problems which made the headlines during the election campaign, the Quebec voter is bound to ask: "What fate do the various parties calling on me to vote for them reserve for French Canada?"

It was noticed during the campaign which is now almost over that more than ever the people of Quebec are concerned over the great

problems of Canada. Despite the importance of provincial matters and the passionate concern they arouse, despite the separatist upheaval which tends to concentrate attention on the sole interests of our group, public opinion in Quebec has just the same shown an increased curiosity and interest in matters of Canadian scope, such as nuclear arms, unemployment and economic planning.

What must be emphasized, however, is that the vast majority of French Canadians never will accept any solution where the bicultural character of Canada is overlooked, no matter how beneficial or immediately practical the solution might be. When we are fighting for a truly bicultural Canada, it is to ensure our very existence and collective development. And there is nothing to be gained, no reasonable compensation to be had in return which can justify a people to surrender those values.

Therefore, just before going to the polls, we must ask ourselves what promise and what dangers the coming election holds in store for us in that regard. The answer is not simple, far from it. One has the impression that the programs and positions of the respective parties give reason both for greater hopes and greater fears than ever for the French Canadians.

Let us look at the theoretical program and the concrete position of each party before the cultural reality of Canada.

There is no doubt that the Conservatives show, in this respect, the strangest contradictions. Never, in my opinion, has Mr. Diefenbaker managed to utter one convincing word on that question. One feels that neither the prime minister nor his ministers have ever given it much thought. When they are asked for their opinion, they are almost proud of the fact that they have nothing to say on that matter. They waste no time in stating that the Conservative government has taken positive action instead of being satisfied with idle talk. And when they mention the measures taken by the Conservatives with regard to provincial autonomy, they are convincing. But when they start talking about bilingual cheques, simultaneous translation in parliament and other trifles of the same kind, one has the impression that they are fifty years behind the times.

If, in addition, we keep in mind that Mr. Diefenbaker has never succeeded in five years in ensuring within the cabinet an appropriate French Canadian representation, there is definitely more cause for concern than for hope.

As for Social Crediters, they use every means to play up the Quebec issue. It is unquestionable that their presence in Ottawa has put French Canada in the limelight. Have they conveyed a faithful picture of us, however? Have they strengthened the moral stature of Quebec throughout Canada? I do not think so. That we should suddenly become the champions of an untenable monetary policy could not, in my opinion, prove beneficial in any way to the situation of French Canadians within confederation, even though the supporters of such a doctrine make a lot of fuss over nationalism.

The positions taken by the Liberal party and the N.D.P. are obviously clearer and more progressive. They open up more encouraging vistas for the future. To repeat, both parties have adopted platforms which, if carried out, will constitute an important step towards the achievement of true equality between the two cultures in Canada. Only ten years ago, the Liberal party and the N.D.P. would have been strongly against such programs.

Naturally, certain separatist tendencies of the Quebec wing of the N.D.P. are a source of concern. On the other hand, it is to be feared that the Liberals might shelve their program after the election. However, on the eve of the election, if all other considerations but that one were to be forgotten (God forbid!) it is most certainly with the N.D.P. or the Liberal party that we stand the best chance to improve the lot of French Canada within the next four years.

Gérard Pelletier

(Text):

CITIZENSHIP AND IMMIGRATION OFFICERS IN FRANCE

Question No. 505—**Mr. Pigeon:**

1. What are the names of those persons who represent the Department of Citizenship and Immigration in France?
2. In what French cities are the departmental offices located?

Mr. Munro: 1. Mr. L. A. Chevrier, Mr. J. G. Grant, Mr. G. J. Durocher, Mr. A. Morin, Mr. J. H. A. Duplain, Mr. J. A. Guenet, Mr. J. B. R. Marleau, Mr. J. W. R. L. Allard, Mr. J. G. Lapierre, Mrs. S. Lefebvre.

2. Paris only.

POST OFFICE DEPARTMENT EMPLOYEES

Question No. 506—**Mr. Perron:**

How many employees are there in the Post Office Department and, of these (a) how many are bilingual (b) how many speak English only (c) how many speak French only (d) how many are French Canadians?

Mr. Pickersgill: I wonder, Mr. Speaker, if questions numbers 506 to 566 inclusive could all be allowed to stand today?

Questions stand.

*QUOTA ON U.S. TURKEYS ENTERING CANADA

Question No. 568—**Mr. Hales:**

Has the Minister of Agriculture, in consultation with the Minister of Trade and Commerce following the Geneva trade agreements, taken any steps to remove the quotas on American turkeys coming into Canada, and, if so, what steps have been taken?

Mr. Beer: The question of import controls on turkeys entering Canada is a matter of government policy and an announcement will be made on this matter at an appropriate time.

*OFFERS OF SUGAR AT REDUCED PRICES

Question No. 571—**Mr. Côté (Chicoutimi):**

Has the Minister of Trade and Commerce recently received advantageous offers from certain friendly countries in a position to supply Canada with all the sugar it needs at regular prices, that is, the prices in effect on the Canadian market before the last increase?

Mr. Pepin: No such offer has been received by the minister or has come to his attention.

RECIPIENTS OF OLD AGE ASSISTANCE

Question No. 573—**Mr. Knowles:**

1. By provinces how many persons are in receipt of allowances under the Old Age Assistance Act?
2. By provinces, what is the average amount of the allowance received under the said act?
3. In each province, how many persons are there who are 65 years of age and over but not yet 70 years of age?

Mr. Pepin:

	1. As of April 30, 1963	2. As of April 30, 1963 $	3. As of June 1, 1962
Newfoundland	5,164	62.88	9,800
Prince Edward Island	1,043	60.35	3,600
Nova Scotia	5,474	59.62	21,300
New Brunswick	5,468	61.55	16,200
Quebec	37,108	61.40	119,600
Ontario	23,872	58.75	182,300
Manitoba	5,421	60.78	28,100
Saskatchewan	5,822	59.65	27,700
Alberta	6,502	60.30	32,100
British Columbia	7,051	62.25	50,200
Northwest Territories	146	63.79	300
Yukon	35	64.49	200

RECIPIENTS OF BLIND PERSONS ALLOWANCE

Question No. 574—**Mr. Knowles:**

1. By provinces, how many persons are in receipt of allowances under the Blind Persons Act?
2. By provinces, what is the average amount of the allowance received under the said act?

Mr. Haidasz:

	1. As of April 30, 1963	2. As of April 30, 1963 $
Newfoundland	431	63.68
Prince Edward Island	83	63.21
Nova Scotia	787	63.20
New Brunswick	702	63.76
Quebec	2,088	63.77
Ontario	1,876	58.71
Manitoba	374	62.88
Saskatchewan	418	63.16
Alberta	464	63.48
British Columbia	551	63.92
Northwest Territories	47	59.26
Yukon	4	65.00

RECIPIENTS OF DISABLED PERSONS ALLOWANCE

Question No. 575—**Mr. Knowles:**

1. By provinces, how many persons are in receipt of allowances under the Disabled Persons Act?
2. By provinces, what is the average amount of the allowance received under the said act?

Mr. Haidasz:

	1. As of April 30, 1963	2. As of April 30, 1963 $
Newfoundland	1,434	64.64
Prince Edward Island	797	64.40
Nova Scotia	2,918	63.81
New Brunswick	2,071	64.49
Quebec	21,244	64.32
Ontario	14,921	63.68
Manitoba	1,517	64.18
Saskatchewan	1,597	64.47
Alberta	1,791	63.50
British Columbia	2,242	64.14
Northwest Territories	21	65.00
Yukon	7	65.00

Questions

QUORUM OF FEDERAL CABINET

Question No. 578—**Mr. Mather:**

What is the required quorum, if any, to constitute a meeting of the federal cabinet?

Mr. Davis: The cabinet is an informal body which discusses and decides questions of policy. Its organization and procedures are nowhere prescribed by law, but are matters for its own determination and are not normally disclosed. In its composition, however, the cabinet is identical with the committee of the privy council which exercises the right of the privy council for Canada "to aid and advise in the government of Canada" under section 11 of the British North America Act, 1867. It is the committee, then, and not the cabinet as such, which formally tenders advice to the Governor General when action by the governor in council is required. It has been the custom for many years that the committee of the council does not advise the Governor General to approve an order in council without the presence or concurrence of at least four ministers. This practice originated in the Queen's instructions to the Governor General at the time of confederation.

An order in council of 25th October, 1935, P.C. 3374, which has not since been varied or rescinded, states that "the quorum of the council being four, no submission for approval to the Governor General can be made with a less number than the quorum". This does not apply, however, to the deliberations and decisions of the cabinet as such, when it is not acting in its formal character as the committee.

Certain actions are taken by the Governor General, such as the appointment of ministers and the dissolution of parliament, on the basis of advice tendered by the Prime Minister alone, and no question of a quorum arises in such circumstances. It should be noted that the letters patent approved by the King in September 1947, and in effect since October of that year, constituting the office of Governor General of Canada state in paragraph II:

And we do hereby authorize and empower our Governor General, with the advice of our privy council for Canada or of any members thereof or individually, as the case requires, to exercise all powers and authorities lawfully belonging to us in respect of Canada, and for greater certainty but not so as to restrict the generality of the foregoing to do and execute, in the manner aforesaid, all things that may belong to his office and to the trust we have reposed in him according to the several powers and authorities granted or appointed him by virtue of The British North America Acts, 1867 to 1946 and the powers and authorities hereinafter conferred in these letters patent and in such commission as may be issued to him under our Great Seal of Canada and under such laws as are or may hereinafter be in force in Canada.

[Mr. Haidasz.]

*OUTSIDE ASSISTANCE IN BUDGET PREPARATION

Question No. 580—**Mr. Knowles:**

1. Did any persons outside the government service take the oath of secrecy in connection with their assisting the Minister of Finance in the preparation of the budget presented to the House of Commons on June 13, 1963, and, if so, what are the names of such persons; who administered the oath to such persons and on what date or dates?

2. Did any person outside the government service assist the Minister of Finance in the preparation of his budget without taking the oath of secrecy and, if so, what are the names of such persons?

3. Was (a) any remuneration (b) any reimbursement of expenses, paid to any persons outside the government service in connection with their assisting the Minister of Finance in the preparation of his budget, and, if so, what are the names of such persons and how much was paid to each such person?

Mr. Gordon: 1. Yes, Miss V. M. Johnson, personnel officer, Department of Finance, administered the oath of secrecy to Dr. M. P. O'Connell on April 23, 1963, to Mr. G. R. Conway on May 2, 1963, to Mr. E. J. Benson on May 2, 1963 and to Mr. R. J. Anderson on May 7, 1963.

Mr. R. J. Anderson was present from May 7 to May 16 and assisted in preparation of the expenditure estimates only.

Mr. S. A. Clemens, chief administrative officer, Department of Finance, administered the oath of secrecy to Mr. D. C. H. Stanley on May 2, 1963.

2. No.

3. (a) Yes. Mr. G. R. Conway on a $50 per diem fee for each day he is engaged in the above duties.

(b) Yes, Dr. M. P. O'Connell, Mr. D. C. H. Stanley, Mr. G. R. Conway and Mr. R. J. Anderson on a $25 per diem living allowance for each while absent from his normal place of residence.

*OUTSIDE CONSULTANTS IN BUDGET PREPARATION

Question No. 587—**Mr. Churchill:**

1. What are the names of the outside consultants, not members of the civil service, who conferred with or were consulted by, or in any way assisted, the Minister of Finance in the preparation of the budget?

2. What persons, not members of the civil service, took the oath of secrecy in connection with assisting the Minister of Finance in the preparation of the budget?

3. Who administered the oath of secrecy to the above-mentioned persons?

Mr. Gordon: 1. Dr. M. P. O'Connell, Mr. G. R. Conway, Mr. D. C. H. Stanley, Mr. R. J. Anderson who assisted in the preparation and presentation of expenditure estimates only.

2. Dr. M. P. O'Connell, Mr. G. R. Conway, Mr. D. C. H. Stanley, Mr. E. J. Benson, parliamentary secretary to the Minister of Finance; Mr. R. J. Anderson who was pres-

ent from May 7 to May 16 and assisted in preparation and presentation of expenditure estimates only.

3. Miss V. M. Johnson, personnel officer, Department of Finance, administered the oath of secrecy to Dr. M. P. O'Connell, Mr. G. R. Conway, Mr. E. J. Benson, and Mr. R. J. Anderson. Mr. S. A. Clemens, chief administrative officer, Department of Finance, administered the oath of secrecy to Mr. D. C. H. Stanley.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT BOND ISSUES SINCE 1914

Question No. 261—**Mr. Pigeon:**

What is the amount of each government bond issue, and the total of all the issues, for each year, from 1914 to date?

Mr. Benson: Return tabled.

*ARMED FORCES COLLEGES

Question No. 342—**Mr. Fisher:**

1. How many students, each year, have gone on to R.M.C. from C.M.R., and from Royal Roads?
2. How many of these students, from each place, were considered French speaking in origin and English speaking in origin?
3. For each year these students were in R.M.C., what was the record of performance for C.M.R. and Royal Roads students, of both French and English origin, in terms of drop-out, failure, and passing?
4. How many students have entered C.M.R. and Royal Roads since 1952-53?
5. How many of these students are (a) still in the service colleges at this date and (b) still in the armed services as commissioned officers?

DISPOSITION OF R.C.A.F. STATION, FINGAL, ONT.

Question No. 353—**Mr. McBain:**

1. What plans is the government making for the immediate use of the former R.C.A.F. station at Fingal, Ontario?
2. Are these plans any different from those of the former government?
3. Were tenders called for the leasing of the farm land at Fingal and, if so (a) what were the names and addresses of persons submitting tenders, and the amount of each tender (b) how many were accepted, and what are the names of the successful tenderers, and the length of lease?

Mr. Cardin: Return tabled.

THE BUDGET

OUTSIDE ASSISTANCE—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I ask leave to move, seconded by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), that the house be adjourned to discuss a definite matter of urgent public importance, namely the admission by the Minister of Finance on Friday, June 14 of facts relating to the preparation of the budget, which facts constitute a flagrant departure from constitutional budgetary practice, imperil the traditional and essential secrecy of the budget, and which have had an unsettling effect on this house and on the country.

Mr. Speaker: The Chair would appreciate any comments any individual member would care to offer by way of assistance in arriving at a decision.

Mr. Pickersgill: Mr. Speaker, perhaps the hon. member for Peace River would like to speak first.

Mr. Baldwin: No, I would be quite happy to follow the Secretary of State.

Hon. J. W. Pickersgill (Secretary of State): Well, Mr. Speaker, I may say at the outset that the government is ready, and indeed is in every way willing, to have the matter referred to in the notice of motion debated, and debated just as early as the house wants to have it debated. I indicated on—

Some hon. Members: Now.

Mr. Pickersgill: Perhaps I might be permitted to proceed, Mr. Speaker. I indicated on Friday that I was in complete agreement with what was said by the hon. member for Digby-Annapolis-Kings, and that there would be no effort on the part of the government to prevent the fullest possible debate on this matter at an appropriate time.

At six o'clock on Friday evening when I was asked the business of the house for today and the rest of this week, I indicated that the budget debate would begin on Wednesday, and no exception was taken to that order of business which was prescribed. However, if it is felt that this matter should be debated today, I want to say right here and now that the government is only too ready to have the budget debate begin this afternoon—

Mr. Diefenbaker: No.

Mr. Pickersgill: —since the matter to which the motion refers deals directly with the budget, and since the budget debate would provide an opportunity for the house to pronounce itself on the matter. The government would be very ready indeed to have this procedure followed if it meets with the wishes of hon. members.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, standing order 26 provides for debate of matters concerning which there is urgency of debate. I submit that even before we debate the budget that has been presented to the house, there is urgency of debating the circumstances under which this budget was prepared.

I submit that the Secretary of State is trying to lead us down the garden path when he suggests that we should start debating the budget and that in the course of that debate we could deal with the particular matter covered in the motion presented by the leader of the official opposition, a matter concerning which the leader of my party has a similar motion. The Secretary of State knows that if this is left to be discussed in the house of the budget debate then this particular issue, namely the assistance that the Minister of Finance had in the preparation of the budget, will be smothered and spread through the budget debate.

It is this issue that should be debated first, and I submit that the point of privilege raised earlier today by the hon. member for Calgary North (Mr. Harkness) adds to the concern, and to the unsettled condition in this house and in the country, which is referred to in the motion. I submit there should be no confusion between debating this issue, namely the assistance the Minister of Finance had from outside sources and the budget itself. Every argument calls for separating these two issues, and the Secretary of State should not make the suggestion he made just now.

He said that on Friday evening he announced that the debate on the budget would begin on Wednesday and there was no objection to that. But, Mr. Speaker, he knows that announcement was made after agreement among the house leaders of the four parties, and he knows this issue was a completely separate one. He indicated on Friday that the government would not object to debating this particular issue pinpointed by the motion before us, and I suggest that Your Honour should rule on this matter concerning which there is urgency of debate before the house starts the debate on the budget itself.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I want to say I am quite in accord with what the hon. member for Winnipeg North Centre (Mr. Knowles) has said. This is a matter which should be treated as a condition precedent to the launching of the budget debate. The announcements which were wrung from the Minister of Finance in this house last Friday are of so grave a nature that the house is entitled to make full inquiry into them, so that before the budget debate is launched next Wednesday we may be in a position to judge, from the results of this debate, the course of action which the house should take.

To the extent that there was implicit in the remarks of the Secretary of State a suggestion that because there is going to be a budget debate on Wednesday we should not now proceed with this matter, which I think involves a question of urgency of debate, I would feel—

[Mr. Knowles.]

Mr. Pickersgill: I am sure the hon. gentleman would not want to misrepresent what I said. I said the government was quite ready to call the budget debate this afternoon.

An hon. Member: A red herring.

Mr. Baldwin: It is my submission that the gravity of this situation is such that the house should lose no time in launching a debate on this issue now.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, with regard to the matter which is before us at the present time, I think we must be careful to consider it in the true light of the principle that is involved. I do not think that all the brains in Canada have been funnelled into this house, let alone into the Liberal party, and it seems to me it is not a bad practice to bring in the advice of experts in order to help.

Some hon. Members: Order.

Mr. Thompson: However, Mr. Speaker, provided that the oath of secrecy has been taken.

Mr. Woolliams: On a point of order, Mr. Speaker, we are not dealing with the question of whether this is right or wrong. We are dealing with a particular motion—

Mr. Thompson: Order, please.

Mr. Woolliams: On a point of order, Mr. Speaker, I submit with the greatest respect that the hon. member for Red Deer is discussing the merits of what happened, whether it was right or wrong, and he is not on the point referred to in the motion itself. It is the question of public importance and urgency that is before the Chair at the present time, and I suggest with the greatest respect that the leader of the Social Credit party be brought to order.

Mr. Thompson: This is the very thing I am talking about, whether or not this is an urgent matter, and it is my opinion that so long as these precautions have been taken then the practice which has been followed is a good one in principle. However—

Mr. Knowles: I rise on a point of order. Mr. Speaker, what you have asked for is that hon. members contribute on the question as to whether this matter should be debated now. What is being discussed at this point is a point of order, and not the substance of the issue itself.

Mr. Thompson: Mr. Speaker, with due respect to the hon. member for Winnipeg North Centre, that is the very thing I am getting to.

Mr. Nowlan: No, it is not.

Mr. Thompson: In our opinion this is not a matter of urgent importance and it should be dealt with in due course, as it has been agreed by the government that it will be. Therefore it is not a matter of immediate importance now.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, in dealing with this request for leave to set aside the normal business of the house to deal with the matter raised by the right hon. Leader of the Opposition, it has been made clear very frequently that it is one issue and one issue only that must be dealt with by Your Honour, and that is stated in Beauchesne's fourth edition in citation 100, which I will read:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

We have had other occasions when former Speakers have elaborated upon that basic citation. May I refer to comments made by His Honour the Speaker on Wednesday, February 18, 1959, as reported at page 1133 of *Hansard*:

The question that concerns me is whether there will be an opportunity to discuss this important matter, such that we do not need to interrupt the proceedings to deal with it today,—

The request being made, Mr. Speaker, is that the ordinary proceedings of the house be set aside and that resort be had to a very extraordinary device under standing order 26. Normally it might be argued that opportunities are not available to discuss this important matter, and that therefore it would be justifiable to ask that the normal proceedings be set aside. It is accepted that the government normally is in charge of the agenda for the house, and the leader of the house has just stated that the budget debate can be brought forward today to provide an opportunity to discuss this matter.

In the light of the information conveyed by the house leader it seems to me unnecessary to have resort to this extraordinary device and that Your Honour, armed with the knowledge that the budget debate can be brought on today, has very little latitude in determining the matter of urgency because an ordinary opportunity for dealing with this matter can be provided this afternoon.

It would seem to me that this procedure ought to appeal to hon. gentlemen opposite because it will enable them, if they so wish, to place a motion before the house as an amendment and have the matter finally disposed of in the way the hon. member for Winnipeg North Centre said it ought to be disposed of. Any debate under standing order 26 would be inconclusive, and no final determination could be made of the issue itself.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, it seems to me that the Minister of Labour has himself given the best reason for this debate proceeding now, namely the urgency of the subject matter of the motion. The budget was presented here on Thursday night. On Friday it was made clear that three individuals, while on the payroll of investment companies in the city of Toronto, were privy to all the documents—

Some hon. Members: Order.

Mr. Douglas: —connected with the budget itself. Then today it has been made clear that a firm with which the Minister of Finance was formerly associated sent out a 25 page summary of the budget which arrived in the city of Calgary the morning after the budget was delivered. Surely if there is anything urgent it is that public confidence should be restored in the government and in the Department of Finance with the least possible delay. Surely there is nothing more urgent than that this matter, which has caused a good deal of concern and distress across the country—

Some hon. Members: Oh, oh.

Mr. Douglas: —ought to be dealt with, and dealt with properly.

Some hon. Members: No.

Mr. Douglas: Those who say no have only to look at a good Liberal newspaper like the Toronto *Star*—

Mr. Pickersgill: Mr. Speaker, on a point of order—

Mr. Douglas: —which has made it very clear that the public is concerned about this subject.

Mr. Pickersgill: On a point of order, Mr. Speaker, hon. gentlemen applauded when the hon. gentleman from Bow River (Mr. Woolliams) objected to the hon. member for Red Deer (Mr. Thompson)—

Some hon. Members: Question.

Mr. Pickersgill: —debating the substance rather than the question of urgency, and it seems to me the same principle should also apply to the hon. member for Burnaby-Coquitlam. What we are now considering is

not whether the subject is urgent in itself, but whether there is urgency of debate.

Mr. Douglas: Mr. Speaker, that is exactly the point I am making.

Some hon. Members: Oh, oh.

Mr. Douglas: This is a matter which ought to be debated with the least possible delay, and to wait until there is a general debate on the budget is to leave the public, the people of Canada, and this house in a state of uncertainty; it is to leave the Minister of Finance in a position where he has no opportunity to clear up some of the matters that were raised by the hon. member for Calgary North. I submit that there is urgency of debate; that there is nothing more urgent than that this matter be dealt with, and dealt with today, so the Canadian people may hear whatever explanation the minister has to make regarding this matter.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, on the point of urgency of debate to which my hon. friend has just referred, may I suggest very respectfully that Your Honour give your ruling, and if your ruling is adverse—as in my view it should be, under the rules—we will, right after the orders of the day, go on to the budget debate and there will be no delay of any kind.

Some hon. Members: Oh, oh.

Mr. Lambert: That is a real red herring.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, that is the very point I wish to raise as to the urgency of debate. As has been said, the budget came down Thursday night, and on Friday there was an agreement worked out among the various leaders of the parties in this house that the budget debate would be resumed on Wednesday. That is a short enough period for preparation for a debate on the budget. If one goes back through the years one sees that usually that number of days, if not more, has elapsed before a budget debate has taken place.

The house leader was the one who, after consulting the leaders of the other parties, suggested this course, and it would have worked out. Now this afternoon the house leader is suggesting that we should short circuit the agreement that has been made in this respect; that we should begin immediately a budget debate. If we are going to change the program which has been laid down after consultation among the house leaders; if we are going to shorten the time for the preparation of a debate on the budget by this device, I suggest to Your Honour that this is the very best argument in the world as to the urgency of debate, and therefore you should accept the motion which has been made before you this afternoon.

Mr. Pickersgill: Mr. Speaker, perhaps I might say a word.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I hope I will have the same attention that we on this side of the house have given to hon. members on the other side. The hon. member for Digby-Annapolis-Kings has said, quite rightly, that the program prescribed for today and this week was agreed to among the parties in the house. That is quite true. But I did suggest today—and I did not say that the government was going to impose this or seek to impose it on the house—that if the house was agreeable, and if this matter was deemed to be an urgent matter to be debated, we could debate it on the budget this afternoon. I repeat that statement, that if hon. members opposite consider this to be an urgent matter to be debated today, rather than on Wednesday, the government is only too ready to bring on the budget debate so that it can be debated.

What I rose particularly to point out was that the hon. member for Winnipeg North Centre said I knew perfectly well that in the budget debate this matter would get mixed up with all kinds of other questions and there would be no way of getting it clearly resolved. Well, there is no way of getting it clearly resolved by having a debate under standing order 26, because such a debate would lead to no conclusion whatsoever. But if hon. gentlemen sincerely regard this matter as important, as they say they do, surely this should be the subject of an amendment, as my hon. friend the Minister of Labour correctly pointed out, which would bring it into focus and allow the house to reach a decision on the matter which hon. members profess to want.

The government is making an offer to the house, not only to have the debate begin today but to have it begun in a way which will lead to a determination by a vote of the house tomorrow, under the rules. That is the position taken by the government.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, in replying to the Secretary of State, I think he has missed the most important point when dealing with the question of urgency of debate. There are two points here. First of all, there is the question of secrecy, which might lead to some indiscretion and from which very important results could follow. In the second place, the debate on the budget is primarily a debate on the contents of the budget. We had only to hear what the hon. member for Calgary North had to say

to realize there may be some indiscretion. If, as a result of the debate, some indiscretion followed, serious ramifications might ensue. I say this is a distinct and separate fact which should be debated before we proceed to debate the budget itself.

Hon. Paul Martineau (Pontiac-Temiscamingue): I have just one word to say on this point of order. I think we are all in agreement that the motion conforms with the rules and precedents which this house has to follow. The only aspect which has led to discussion is whether or not there is urgency for immediate debate. I submit that the Secretary of State has himself clearly established that there is such urgency. He has done so by offering to change the entire schedule of the business of the house for this week, bringing the budget debate forward from Wednesday to today because he deems there is urgency attached to this matter.

If there is urgency of debate, the motion which has been proposed by the Leader of the Opposition is entirely within the rules, and that is the only aspect of this question which has led to any discussion. The Secretary of State has said, in effect, that this is an urgent matter and one which must be debated immediately by bringing the budget debate forward. In these circumstances I say the motion should be granted.

Mr. Knowles: I regret it, but I simply cannot let the Secretary of State get away with this show of magnanimity when he offers us the budget debate for today. Last Thursday night, after the budget presentation had been made and after the hon. member for Digby-Annapolis-Kings had spoken briefly, the leader of the house was asked what the business would be for the next day and when the budget debate would be resumed. He said, as recorded in *Hansard* at page 1032:

> I would prefer to confer with hon. gentlemen opposite before announcing when the budget debate will resume or what will be the program for next week.

The hon. gentleman knows, and he has freely admitted it, that the representatives of the four parties met on Friday to discuss this matter and that it was at his request, on behalf of the government, that we postponed the budget debate until Wednesday in order that the government might proceed with legislation on Monday and Tuesday. It was at the request of the government that the budget debate was delayed and, accordingly, those on the opposition side of the house who had to prepare speeches on the contents of the budget governed themselves accordingly. For the Secretary of State to suggest now that the budget debate should start today, and that the hon. member for Digby-Annapolis-Kings, the hon. member for Red Deer, the hon. member for Nanaimo-Cowichan-The Islands and others should be ready now to debate the contents of the budget is, I suggest, not so magnanimous an offer as the hon. gentleman and his colleagues make it out to be.

On the question of urgency of discussion, I maintain we are entitled to know the kind of assistance which was given in the preparation of the budget—an answer to the question "whose budget is it?"—before we resume the debate on the budget itself. The Secretary of State said that if we want to discuss the kind of motion which would deal with this matter we should welcome the debate on the budget being brought forward in order that the appropriate amendment might be made. I suggest that before anyone could decide whether an amendment of that sort ought to be made we should have the debate we are asking for today, so that we might find out what the situation is in this respect. The Minister of Labour, among others, has told us that if there were a debate today on a motion under the terms of standing order 26, it would not decide anything. By virtue of that fact, that it would not decide anything of substance, it would be open to the house if it wished to put down an amendment of substance when the budget comes up.

But before the house is asked to decide whether such an amendment should be moved, we ought to have a debate along the lines of the one we are now seeking in order that the Minister of Finance, the Prime Minister and other members of the house could get this point cleared up. This is in the same category as the motion moved by the Liberals on January 31, when there was clearly a case for urgency of debate. This whole situation should be cleared up before we get into a debate on the budget itself and I suggest to you, Mr. Speaker, it is quite clear what your ruling should be.

Mr. R. Gordon L. Fairweather (Royal): The Minister of Labour mentioned that this was an extraordinary device. I am going to agree with him immediately but I should like you to consider, when you are preparing your ruling, Mr. Speaker, that if this is an extraordinary device, what we are dealing with is an extraordinary departure from the practices of this house.

Mr. Speaker: I should like to thank hon. members for helping me with brief statements on the question of urgency under this standing order. The matter is a very important one, we all recognize that; but may I also say in passing that it is not the duty of the Chair, as I understand it, to give lectures in procedure

but to decide matters as they arise. I do want, once again, to thank hon. members for helping me come to a conclusion.

After reading the *Hansard* report of the discussion relating to this question which took place last Friday afternoon, and listening to the remarks made this afternoon, it would seem to me that no agreement has been reached to the effect that a discussion on this matter would take place today. Therefore, in the absence of any agreement, it is my duty to deal with this request in the ordinary manner.

According to section (3) of standing order 26, when a written statement of the matter proposed to be discussed is handed to the Speaker, he reads it out if he thinks it is in order and of urgent importance.

As hon. members know, it is well established in our practice that "urgency" within rule 26 does not apply to the matter itself but it means "urgency of debate".

Paragraph 3 of citation 100, Beauchesne's fourth edition reads as follows:

> "Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

As long ago as March 31, 1931, Mr. Speaker Black stated:

> The reason for allowing such a motion is to afford members an opportunity of discussing a definite matter of urgent public importance which they could do in no other way.

The matter proposed to be discussed today relates to the budget. As reported at page 1208 of *Hansard* of last Friday, the hon. Secretary of State announced that the budget debate would begin next Wednesday and that it was proposed that it should continue until completed.

When the budget debate is under way, it would seem to me that any question including any or all of the circumstances relating to the machinery followed in the preparation of the budget proposals would come within the ambit of debate. I suggest that it could not be otherwise.

In effect, then, there is a period of 48 hours between now and Wednesday—the period of ordinary notice as prescribed by standing order 41—before the rules and practice of the house will provide an opportunity to discuss every question relating to the preparation, presentation and/or implementation of the budget.

Under these circumstances, I must regretfully inform the house that I do not think that the hon. member's request is a matter of urgency of debate today within the meaning of standing order 26.

[Mr. Speaker.]

Mr. Douglas: I must regretfully appeal from your ruling.

Mr. Speaker: Before the ruling is appealed, may I make one further short comment. My predecessors have many times in the past expressed the view that there is no appeal of a decision taken by the Speaker under standing order 26.

In this regard, I refer hon. members to a ruling made by my immediate predecessor on January 31, 1963, which appears at page 3297 of *Hansard*. Therefore, I am making a similar ruling.

Mr. Knowles: That ruling to which you have just referred, Mr. Speaker, was reversed by a vote of the house, and I submit that a decision of the house stands over the decision which was made by Mr. Speaker Lambert.

Mr. Speaker: The house has heard the decision of the Chair, and the hon. member for Burnaby-Coquitlam now appeals that decision. Those in favour of sustaining the decision of the Chair will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

Mr. Speaker put the question as follows:

> The question is an appeal to the house from the ruling of the Chair. The right hon. Leader of the Opposition, having asked leave to move the adjournment of the house to discuss a definite matter of urgent public importance, namely, the admission by the Minister of Finance on Friday, June 14, of facts relating to the preparation of the budget, which facts constitute a flagrant departure from constitutional budgetary practice, imperil the traditional and essential secrecy of the budget, and which have had an unsettling effect on this house and on the country.
>
> The Chair decided that in his opinion the proposal was not a matter of urgency of debate as understood under the terms of standing order 26 as the said proposal could be discussed and voted upon during the budget debate which will be under way on Wednesday next.
>
> Whereupon the hon. member for Burnaby-Coquitlam appealed to the house from the decision of the Chair.
>
> The Chair then stated that his predecessors had on many occasions decided that there could not be an appeal to the house under such circumstances and referred to a precedent to be found in *Hansard* for January 31, 1963 at page 3297.
>
> Whereupon the hon. member for Winnipeg North Centre raised a point of order to the effect that the Speaker's decision on the 31st of January, 1963 had been appealed and reversed.

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:

Division

YEAS

Messrs:

Addison
Armstrong
Asselin (Notre Dame de Grace)
Asselin (Richmond-Wolfe)
Basford
Batten
Bechard
Beer
Belanger
Benidickson
Benson
Berger
Blouin
Byrne
Cadieux (Terrebonne)
Cantin
Cardin
Caron
Carter
Côté (Chicoutimi)
Côté (Longueuil)
Cowan
Crossman
Cyr
Davis
Deachman
Deschatelets
Drury
Dupuis
Emard
Ethier
Favreau
Francis
Frenette
Garland
Gelber
Girouard
Gordon
Gray
Greene
Habel
Haidasz
Harley
Hays
Hellyer
Honey
Kelly
Klein
Konantz, Mrs.
Laing
LaMarsh, Miss
Lamontagne
Lamoureux
Laniel
Laprise
Latulippe
Laverdiere
Lessard (Lake St. John)
Lessard (St. Henry)
Lloyd
Macaluso
Macdonald
MacEachen
Mackasey
MacNaught
McIlraith
McMillan
McNulty
McWilliam
Martin (Essex East)
Matheson
Matte
Mullally
Munro
Ouellet
Patterson
Pearson
Pennell
Pepin
Pickersgill
Pilon
Plourde
Richard
Rideout
Rondeau
Roxburgh
Ryan
Sharp
Stewart
Tardif
Teillet
Temple
Thompson
Tremblay
Turner
Walker
Whelan—97.

NAYS

Messrs:

Aiken
Baldwin
Barnett
Bigg
Brewin
Cadieu (Meadow Lake)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Casselman, Mrs.
Churchill
Clancy
Coates
Crouse
Danforth
Diefenbaker
Dinsdale
Doucett
Douglas
Enns
Fairweather
Fane
Fisher
Fleming (Okanagan-Revelstoke)
Forbes
Hales
Hamilton
Harkness
Herridge
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe (Wellington-Huron)
Irvine
Jorgenson
Kindt
Knowles
Lamb
Lambert
Loney
Macquarrie
McBain
Madill
Mandziuk
Mather
Millar
Moore
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
Orlikow
Ormiston
Pascoe
Peters
Rapp
Rheaume
Ricard
Simpson
Smallwood
Southam
Thomas
Watson (Assiniboia)
Webb
Webster
Weichel
Willoughby
Winkler
Woolliams—69.

During the taking of the vote:

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I rise on a question of privilege. Since you read the motion in English, I did not quite understand what it was all about.

(Text):

Mr. Speaker: I am sorry, but there is no question of privilege when the vote is being taken.

(Translation):

Mr. Gregoire: Mr. Speaker, I merely wanted to know on what matter we were called to vote.

(Text):

Mr. Speaker: The question has been put and the vote is in progress. The hon. member will have to wait until after the vote is taken.

After the taking of the vote:

Mr. Flemming (Victoria-Carleton): I was paired with the hon. member for Fort William Had I voted, I would have voted nay.

Mr. Nesbitt: I was paired with the hon member for Dollard. Had I voted, I would have voted against sustaining Your Honour's ruling.

Mr. Nicholson: I was paired with the hon member for Okanagan Boundary. Had I voted, I would have voted to sustain Your Honour's ruling.

Miss Jewett: Mr. Speaker, I was paired with the hon. member for Peterborough (Mr. Stenson). Had I voted I would have voted to sustain your ruling.

Mr. Cashin: Mr. Speaker, I was paired with the hon. member for Edmonton West (Mr. Lambert). Had I voted I would have voted to sustain your ruling.

(Translation):

Mr. Pigeon: Mr. Speaker, I was paired with the Postmaster General (Mr. Denis). Had I voted, I would have voted against the decision.

Mr. Chretien: Mr. Speaker, I was paired with the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul). Had I voted, I would have voted for the upholding of the decision.

(Text):

Mr. Muir (Cape Breton North and Victoria): I was paired with the hon. member for Grand Falls-White Bay-Labrador (Mr. Granger). Had I voted, I would have voted against Your Honour's ruling.

Mr. Roxburgh: I should like to ask Your Honour's permission to speak to a point of privilege. I did not realize I was paired when I voted, and I want to bring that to the attention of the house. I was paired with the hon. member for Regina. I certainly express my sincere regret in the matter.

Mr. Pearson: Before the orders of the day are called may I state that a proposal has been made to the effect that if the house so desired the order of business could be changed to permit a discussion of the matter which has been under consideration now for some time, and which is considered serious and urgent by so many. This discussion can be agreed to for this afternoon.

Mr. Diefenbaker: So far as the Prime Minister is concerned, he had no right to speak at all at this time. However, since he has been allowed to speak may I say that when an offer such as this is made one can fully understand the reason for it. We gave the government every opportunity, and it refused to allow this very serious matter to be discussed today. The Prime Minister cannot get out of it now by this explanation.

Mr. Pearson: On a point of order, Mr. Speaker, the right hon. gentleman said that the decision was made by the government as to whether this should be debated under the rules. Mr. Speaker, of course the decision was made by you.

BUSINESS OF THE HOUSE

ORAL ANSWER TO QUESTION NOT STARRED

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, before the orders of the day are called I want to rise on a point of order. The Secretary of State today in answering question No. 471, which was not starred, did so orally. The rules do not provide for an oral answer to a written question unless it is starred. Rule 39(2) states that the answer shall be handed to the Clerk.

Some hon. Members: Oh, oh.

Mr. Aiken: I am raising the point in spite of some objections from hon. members across the way because there should have been unanimous consent of the house before such a procedure was followed. I think that we departed basically from a practice for other than straightforward purposes. I suggest the answer might have been properly given, but it was not in accordance with the rules. I am not making any motion, but I am raising the question now before orders of the day are called, so that there will be no suggestion I concurred in this particular procedure.

Hon. J. W. Pickersgill (Secretary of State): Since the hon. gentleman has raised the point I am sure if he would peruse the records of parliament he would find many occasions when questions that were not starred were answered orally, and it seems to me there is no doubt both the practice and the rule have been that when a minister wishes to give an oral answer he is perfectly free to do so. But there is no obligation to give an oral answer unless the hon. member asking the question puts an asterisk before it, and then the minister does have an obligation to answer orally. I believe that will be found to be the practice.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I think the record should be set very clear. Rule 39(2)(b) states:

> If a member does not distinguish his question by an asterisk, the minister to whom the question is addressed hands the answer to the Clerk of the House who causes it to be printed in the official reports of the debates.

That is the rule and the practice that has been followed in the past.

THE BUDGET

METHOD OF APPOINTMENT OF OUTSIDE CONSULTANTS

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 Finance. In view of the clear and express provision in section 5(2) of the Financial Administration Act that the treasury board does not have powers of appointment, will he explain how the gentlemen who were named the other day were appointed temporarily to the Department of Finance by action of the treasury board?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the minutes of the treasury board are submitted to council and passed by council, and that gives them the authority that the hon. gentleman asked for.

Mr. Knowles: As a supplementary question—

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I wish to direct a question to the Minister of Finance respecting the matter of urgency—

Some hon. Members: Sit down.

Mr. Knowles: In view of the fact that the information I was able to obtain this morning was that there was no order in council approving these appointments, can the minister say when an order in council was passed approving them?

Mr. Gordon: In the normal course the treasury board minutes are submitted to the next meeting of council. I will look into it and make sure that took place in this particular instance, but I am informed that it did.

[*Later:*]

Mr. Knowles: I wish to direct a question to the Minister of National Revenue. Was the minister present at the meeting of treasury board on May 2? Did he know, when he agreed to the minute, that the gentlemen concerned would be privy to the secrets of the budget?

An hon. Member: Sit down.

Mr. Knowles: Does the minister not propose to answer my question?

An hon. Member: He doesn't have to.

Mr. Knowles: May I direct a question to the Secretary of State? Was he present at the meeting of treasury board on May 2?

Hon. J. W. Pickersgill (Secretary of State): I would not be able to answer the hon. member's question without breaking the privy councillor's oath, and I have no intention of doing so.

[*Later:*]

Mr. Knowles: Mr. Speaker, may I direct a question to the Minister of Finance. Can the minister indicate to the house why, when he was giving certain names on Friday, he did not happen to give us the name of Mr. R. J. Anderson, who was also taken into the department for this special work. Could he now give us Mr. Anderson's connections in the same way he gave us the connections of the other three gentlemen?

Mr. Gordon: Yes, Mr. Speaker, I will be glad to do that. On Friday I was asked who had helped with the budget, and there was a good deal of reference to ghost writing and one thing and another. Mr. Anderson came in for a period of nine days to assist with the preparation of the estimates presentation—the figures—and that is all he did. It did not seem to me on Friday that he should be included in the answers to the questions submitted to me. Mr. Anderson is a partner in Clarkson, Gordon and Company of Toronto.

Mr. Knowles: A supplementary question. Was Mr. Anderson shown a final copy of the budget, as were the other three, before it was presented?

Mr. Gordon: No, Mr. Speaker.

Mr. Herridge: A supplementary question, Mr. Speaker, to the minister. Could the minister assure the house that these consultants were Canadian citizens?

Mr. Gordon: To the best of my knowledge they are, Mr. Speaker. They have lived here for many years; but I cannot say in answer to that direct question whether they are or not, without further inquiries. I would be glad to answer that tomorrow.

Mr. Douglas: Can the minister tell us whether Mr. Conway, the doctoral student of Harvard University, is a Canadian citizen?

Mr. Gordon: Mr. Conway comes from Vancouver and as far as I know is a Canadian citizen, although I have never actually asked him. My hon. friend the Minister of Forestry tells me he is a Canadian citizen, but I will check that.

Mr. Baldwin: A further supplementary question. Could the Minister of Finance advise the house what is the statutory authority for the administration of an oath of secrecy to the consultants about whom he has advised us?

Mr. Gordon: I am not in a position to give a legal opinion, but I would be glad to make inquiries and answer the question tomorrow.

Mr. Fisher: Mr. Speaker, I should like to ask the Minister of Finance a question, and it is not a facetious one. Could he tell us if any of the three consultants put on contract without salary to help him with the budget were on a similar leave of absence from their own firms between February 6 and April 8 to assist him?

Mr. Gordon: Mr. Speaker, I did not hear the exact dates.

Mr. Fisher: Between February 6 and April 8.

Mr. Gordon: These gentleman were not helping me at that time, Mr. Speaker.

Mr. Douglas: Might I ask whether they were helping the prime minister at that time?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the prime minister at that time was the present Leader of the Opposition, and I do not think they were helping him. If they were taking part in an election campaign, then I hope my hon. friend will not think that that would be an inappropriate activity on the part of these gentlemen.

[*Later:*]

Mr. Knowles: May I ask the Minister of Finance if he has yet been able to ascertain the date and number of any order in council validating the treasury board minutes that presumed to appoint the consultants to whom reference has been made?

Mr. Gordon: I am not certain, but I will try to give an answer to that question tomorrow morning. I have not got the answer as yet. I hope to be able to give a clear reply tomorrow.

[*Later:*]

(Translation):

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Finance. Further to the many questions he has been asked concerning the advisers who, at his request, took part in the preparation of the budget, did the minister also think of seeking advice from somebody from eastern Canada or the province of Quebec, to bring out the autonomist point of view of the province in the budget?

(Text):

Mr. Gordon: We tried to get advice both from within and without the government service that would apply to all parts of Canada.

(Translation):

Mr. Pigeon: A supplementary question, Mr. Speaker. Did the minister ask Mr. Lesage to recommend someone in order to get a more autonomist budget?

(Text):

FINANCE

PROTESTS AGAINST APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Minister of Finance, and ask him whether he received a communication from the Ontario retail lumber dealers association and also from the greater Windsor homebuilders association protesting against the application of federal sales tax to building materials and pointing out the serious results which will flow from its imposition. If so, is he now giving consideration to withdrawing the measure?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I have not personally received those telegrams as yet but I am sure they are in the departmental office and I expect I will receive them later today. At that time I will be able to decide what course of action should be taken.

[Mr. Pearson.]

[*Later:*]

Mr. J. A. McBain (Elgin): This is a supplementary question to the question put to the Minister of Finance by the Leader of the Opposition a few moments ago. Perhaps the minister would just pay a little attention.

Has the hon. gentleman received a telegram from the Elgin and St. Thomas branch of the national home builders association or telegrams from other home builders across Canada requesting relief on contracts already committed which will be affected by the increased 11 per cent sales tax as imposed in his budget on home builders' supplies?

Mr. Gordon: I must give the same answer, I am afraid. The telegram is probably in the departmental office and I expect to receive it when I am back in my own office. I would point out, though, that in the budget speech I made a clear statement that refunds would be made in all cases where there were fixed contracts.

Mr. Eldon M. Woolliams (Bow River): A supplementary question. I wonder whether the minister would also take into consideration a telegram which he likely has received from Mr. C. D. Wilson, president of the Calgary householders association, making a similar statement.

Mr. Gordon: I shall be glad to.

[*Later:*]

Hon. H. J. Flemming (Victoria-Carleton): Mr. Speaker, I have a question for the Minister of Finance. Will the minister consider the question of exempting building materials used in the construction of schools and hospitals from the application of the 11 per cent sales tax?

Mr. Gordon: Mr. Speaker, I presume that is the sort of thing that will be discussed during the course of the budget debate.

[*Later:*]

Mr. Gordon: I was asked some questions this afternoon, Mr. Speaker, concerning telegrams from various builders associations across the country. I should like to say that I have those telegrams and that I hope to be able to reply to all of them tomorrow.

I think one of the misunderstandings, perhaps, has to do with the refund that will be paid under fixed price contracts. I would draw the attention of hon. members who asked these questions to this paragraph in the budget speech:

> The government has considered the possible effects of the removal of sales tax exemptions on firms working under fixed price contracts. Fixed price contracts, are common in the construction industry, and the amounts involved are frequently substantial. Relief will be provided in cases where

a manufacturer or contractor is prevented by a contract from including the new tax in his selling price.

This was provided for in section 13 of the resolution under part III of the Excise Tax Act which appears in *Votes and Proceedings* for Wednesday last.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question? Will this be for contracts entered into prior to June 13?

Mr. Gordon: Yes, Mr. Speaker.

UNITED NATIONS

DISCUSSIONS RESPECTING ADMISSION OF EAST AND WEST GERMANY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. Has the minister, or any of the officials of his department at the United Nations, had discussions with the representatives of other governments in Ottawa or at the United Nations with respect to the admission of the two German states to the United Nations?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have had no such discussions and I am advised by my officials that they have had no such discussions.

GRAIN

WHEAT—INQUIRY AS TO $3 PRICE

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Prime Minister. It arises out of an omission in the budget of last week. When can the house expect an announcement regarding the government's decision against implementing the Prime Minister's pledge to western grain growers of $3 per bushel for the first 300 bushels of grain delivered in any crop year?

Some hon. Members: Oh, oh.

Mr. Diefenbaker: That was a commitment.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is a question of policy which, as I have already said, will be announced in due course, a question of policy which was strongly opposed by my hon. friend during the election.

LABOUR CONDITIONS

VANCOUVER—THREATENED STRIKE OF LONGSHOREMEN

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I would like to direct a question to the Minister of Labour. The minister is, I assume, aware of the fact that the longshoremen's and warehousemen's union in Vancouver voted over the week end in favour of a strike. Would the minister use his good offices to bring about a settlement of the grievances of the union, since a strike on the west coast would hold up all shipments of wheat to China and other Asian countries. This would be a serious blow to the agricultural economy of the three prairie provinces.

Mr. Smallwood: They are not selling any wheat to China.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, if the hon. gentleman's question refers to the dispute I have in mind, and I think it does, I understand that there is some move by the parties to come together today for further discussions, for the purpose of resolving this dispute. I assure the hon. member that the offices of the Department of Labour are standing ready to make their services available at any time if such services might be helpful.

Mr. Rapp: A supplementary question, Mr. Speaker. The minister is aware, is he, that they voted in favour of a strike?

Mr. MacEachen: Yes.

CANADIAN CENTENNIAL

REQUEST FOR INTERIM REPORT—REPLACEMENT OF COMMISSIONER

On the orders of the day:

Mr. Arnold Webster (Vancouver-Kingsway): Mr. Speaker, I have two questions for the Prime Minister regarding the centennial celebrations. First, when may the house expect a progress report on plans of the national centennial administration, and second, is there any substance to the rumour that John Fisher, commissioner of the centennial administration, may be replaced at an early date?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my hon. friend the President of the Privy Council, who is dealing with these matters, can answer the questions if Your Honour considers them in order.

Hon. Maurice Lamontagne (President of the Privy Council): I expect to be in a position to table the commissioners' first annual report before the end of this month. As to the second question, the answer is, of course, in the negative.

Inquiries of the Ministry

HOUSING

WILL SALES TAX ON BUILDING MATERIALS EXCEED AMOUNT OF INCENTIVE BONUS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of Labour. On Friday I asked the minister whether the cost of the new 11 per cent sales tax on building materials would exceed the $500 incentive bonus for winter construction. Has the minister had an opportunity to make the calculation?

Hon. A. J. MacEachen (Minister of Labour): Upon considering the hon. member's question, it seems to me that assessing the exact impact of any particular tax is the responsibility of the Department of Finance, and in this case particularly Central Mortgage and Housing Corporation would be involved. The question is certainly of a statistical nature and I suggest the hon. member would get fuller information by placing it on the order paper.

AGRICULTURE

REPORTED CRISIS IN DAIRY INDUSTRY

On the orders of the day:

Mr. J. H. Horner (Acadia): I should like to direct a question to the Minister of Agriculture. Is the minister aware of the crisis building up within the dairy industry with regard to the smaller take home pay for small farmers? If so, what is he prepared to do about it?

Hon. Harry W. Hays (Minister of Agriculture): I am not aware of this information.

Mr. Horner (Acadia): A supplementary question. I have been talking to a number of dairy farmers in the Ottawa valley over the week end and they inform me that if changes are not made in dairy policy they will be going broke and selling their herds. Is the minister prepared to offer a free auction service to all dairy farmers who are forced to go out of business?

Mr. Hays: I should like the house to know that since the new dairy policy has been in effect the price of milk is up by 10 cents a hundred and 29 cents a hundred, higher than it has been for a number of years.

TRADE

POLICIES OF U.S. COMPANIES RESPECTING CANADIAN SUBSIDIARIES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to address a question to the Minister of Trade and Commerce. This morning's *Globe and Mail* under an Ottawa dateline says:

> The Department of Trade and Commerce has quietly shelved plans to question U.S. parent companies about policies governing their Canadian subsidiaries.

In view of the fact that the proposed questionnaire sought the removal of restrictions by United States companies on their Canadian subsidiaries to facilitate the increased sales of Canadian products abroad, will the Minister of Trade and Commerce tell the house why this questionnaire has been dropped?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I should like to thank the hon. gentleman for giving me notice of this question. I also saw the article in the *Globe and Mail* this morning, and it was news to me. I made inquiries and I found the original report regarding the proposed questionnaire arose from some tentative ideas discussed at the recent export trade promotion conference. No recommendation was made to me as minister, and I understand the officials have decided not to make a recommendation to me for the time being.

I can assure the house, however, that we in the department are always seeking the removal of restrictions imposed by parent United States companies upon their Canadian subsidiaries which in any way limit their exports.

Mr. Douglas: A supplementary question. May I ask the minister if he shares the feeling of his officials that this questionnaire should be dropped?

Mr. Sharp: Until the item appeared in the paper I had not heard of the proposed questionnaire. I intend to have some discussions with my officials, but I wish to make it clear that no decision which was made has been reversed in any way. This matter is under consideration among the officials and they have not yet brought it to my attention.

NATIONAL DEFENCE

D.E.W. LINE—DISMISSAL OF CANADIAN EMPLOYEES BY U.S. COMPANY

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I wish to direct a question to the Minister of National Defence. Can the United States company operating the D.E.W. line dismiss Canadian personnel on 24 hours notice because they refuse to accept a unilateral pay cut imposed by the company? I should also like to ask whether, in such a case, the company has authority to fly these people

out by Department of Transport planes to a city like Winnipeg, where they are deposited with little money although the company may owe them anything from $500 to $1,000 in back wages?

Hon. Lucien Cardin (Associate Minister of National Defence): The form in which the hon. member has put his question is hypothetical and I cannot answer it according to the way in which he has worded it. However, I have been aware as of Thursday last that trouble has arisen between the company operating the D.E.W. line and the Canadian civilian personnel. On inquiring I have found that according to an exchange of notes between Canada and the United States, the relationship between the United States company and Canadian civilian personnel is established under the authority of the Department of Labour. I understand that my colleague the Minister of Labour has had a complete investigation made into this matter.

Mr. Orlikow: I should like to direct a supplementary question to the Minister of Labour. Is he aware that this difficulty has arisen because of the demand of the workers there to join a union, and that part of the reason for their dismissal is their union activity?

Hon. A. J. MacEachen (Minister of Labour): I should like to have more information on this particular matter before replying on that aspect of the question. I realize that part of the difficulty stems from a proposed change in the wage rates by the company concerned. These rates must, in the ordinary course of events, be approved by the Department of Labour. I can assure the hon. member that the fair wages legislation will be applied in this particular case.

REQUEST FOR STATEMENT ON THREATS FROM MANNED BOMBERS

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): My question is directed to the Minister of National Defence and it relates to information that has been elicited from the minister and his colleagues during the past two weeks about the phasing out of United States air force strategic air command bases at Frobisher Bay, Northwest Territories, Churchill, Manitoba and the possible closure of some or all of the distant early warning radar installations. Has the minister anything to tell the house at this time about Canada's defence posture in the face of the obviously diminishing threat of attack by manned enemy aircraft?

Hon. Paul Hellyer (Minister of National Defence): I have nothing further that I could add on orders of the day, particularly at this late hour of the evening. I will be glad to go into a full discussion of this matter when the defence committee meets, if that is their wish.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions.

FAMILY ALLOWANCE ACT

SUGGESTED AMENDMENT TO DOUBLE RATE OF PAYMENT, ETC.

Mr. Speaker: Before calling on the hon. member for Charlevoix (Mr. Belanger) to speak, may I suggest to him that he consider amending his motion to read:

That, in the opinion of this house, the government—

—and these are the words I would suggest—

—should consider the advisability of amending—

etc., rather than

—should amend—

I suggest this, because in its present form it is almost in the form of an order.

Mr. L. P. Antoine Belanger (Charlevoix): I will accept that, Mr. Speaker.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Belanger moved:

That, in the opinion of this house, the government should consider the advisability of amending the Family Allowance Act to provide:

(a) for the doubling of the present rate at which family allowances are paid;

(b) for the payment of allowances up to the age of 20 years if recipients continue their studies;

(c) for an increase in allowances after age 20 if the recipient goes to university and to be, in effect, an anticipated salary during university attendance.

(Translation):

He said: Mr. Speaker, I took it upon myself to submit this notice of motion, because I believe that it is not only very important, but of extreme urgency. On the other hand, I think I shall find much goodwill among the Liberal members, as family allowances were part of their platform in the last general election. I trust that they will be only too happy at the opportunity I am giving them of voting for the fulfilment of their promises. Indeed, they are boasting, and rightly so, of having initiated that legislation. That is another argument against letting those allowances become inefficient.

On the other hand, the Conservatives who were in opposition in 1944, when the legislation was enacted, all voted in favour of it and they too seemed to give their entire support to the basic principles of the measure. Those principles were very ably expounded by the Right Hon. Mackenzie King himself, as can be seen on page 5538 of *Hansard* dated July 28, 1944, and I shall quote his very words, because I agree with the principles he announced at that time:

> By the measure on family allowances before this House of Commons today, we are seeking to further the law of peace, work and health.

It also should be said that the legislation was intended to cope with what actually was a social emergency; it had been shown up by the 1941 census, when it was discovered that 84 per cent of all children under 16 were dependant on only 19 per cent of the gainfully employed. And I have no reason to doubt that this percentage has changed now.

No better argument could be found in favour of legislation whose object was to provide our future citizens with care, food, clothes and adequate housing, as well as other necessities of life. As I said, I have no reason to believe that conditions are very much changed today and that the reasons which were valid at that time are no longer so, because those allowances have lost about half their value.

During that same speech he made on July 28, 1944 and quoting the great Pasteur, Mr. Mackenzie King stated:

> —two contrary laws seem to be wrestling with each other nowadays: the one, a law of blood and of death, ever imagining new means of destruction, and forcing nations to be constantly ready for the battlefield—the other, a law of peace, work, and health, ever evolving new means of delivering man from the scourges which beset him. Which of these two laws shall ultimately prevail, God alone knows.

I think this is an opportunity for hon. members to show which of these two laws they favour.

Another reason to ask for a raise of family allowances is provided to us by the Right Hon. Mackenzie King himself when he stated, again in the same speech:

> It starts with the natural resources which have been the gift of the Creator to mankind. The natural resources of any country have not been given to individuals; they have been given to the entire community, to the entire people. That, I think, we must realize as a fundamental truth, and all our efforts at the improvement of social and industrial conditions must be based upon that knowledge. But what has come to be the accepted view as we have developed the institution of private property? Not industry as existing for the good of all—but industry as a means of private profit and gain. Are we then to throw aside all belief in the nature of private property because of some evils which have grown out of that system? Before we do so, we would do well to examine the position of private property as to what it means in the way of initiative, in development of resources and making them available for service and use, what it may also mean in the betterment of the masses.

Of course, I could quote many more passages from that speech in favour of family allowances but I shall merely read another paragraph because it disposes of the objections which could be put forward against the proposal now before the house. Indeed, Mr. Mackenzie King stated:

> My own belief is that the measure itself is going to create so much in the way of employment that the national income will be so increased that we shall find it possible not only to have this class of social enactment self sustaining but be able as a consequence to have as well a reduction of debt and taxation.

Those are words which could fill with joy the heart of a good Social Crediter and would have no false ring in the mouth of our leader.

As for the Conservatives, I should like to recall what was their stand on that matter when this legislation was passed.

Mr. Diefenbaker rising in his place, as reported on page 5460 of *Hansard* for July 27, 1944 said:

> With the objective provided for in this bill, there can be no disagreement; for if I understand it aright it means that through this measure an endeavour will be made to achieve equal opportunity, particularly for those in the lower income brackets, and to give many who today are denied freedom from fear and freedom from want the hope of something better in the future than this world and this country have seen before.

And further on, he quotes the report of the national resources development for 1943 which was placed before the president of the United States in January of that year. The report said:

> There must be the fullest possible development of the human personality, in relation to the common good, in a framework of freedom and rights, of justice, liberty and equality and the consent of the governed, as the means of protecting justice, freedom and democracy.

We, in the parliaments of the empire, must recognize that the state must guarantee and underwrite equal access to security, to education, to nutrition and to health for all.

Mr. Speaker, inasmuch as all those reasons I quoted as given by those hon. gentlemen were true and accurate in 1944, they are still true and accurate today for the simple reason that after creating family allowances, we have not been cautious enough to upgrade them

gradually to cope with the cost of living which continued to rise and is still rising nowadays. Furthermore, when we talk about doubling those allowances, we are not exaggerating, since countries much poorer than Canada, countries like France, for instance, actually give twice as much as we do.

In other words, due to inflation born of the present system, which is not a Social Credit system, family allowances have lost more than half their purchasing power; consequently they render slightly less than half the services they were meant to render, services we boasted about so much in 1944.

This is why, to widen their scope and to give them their true meaning, we first of all suggest that the present family allowances be doubled, in order to permit young people of this country who have the necessary aptitudes to go through the primary and high school systems and we suggest that family allowances be paid until age 20, provided the recipients stay in school and that after age 20, should our future citizens attend university, that they be paid an allowance in order that they may be enabled to attend university without always having to wonder what their parents are denying themselves and the other children in the family to enable them to stay in school. This would equalize opportunities for children of large families and others. This would also give our country an opportunity to take advantage of the many talents lost from day to day because parents do not have the means to keep their children at school, for everyone knows that children with the required intelligence and qualifications to benefit from higher education are not found solely in wealthy families.

It is for all the reasons I have already mentioned that I have the right to expect support from the two old line parties in this house, for I refuse to believe that the government will dare to break its word and try to shirk its responsibilities to the children of this country. To do that, it would have to go back on its word and prove disloyal to the memory of its most revered leaders, the Hon. Mr. King and the Hon. Mr. St. Laurent. That would be especially true in the case of the latter who, during the last years he was active in politics, had managed to become known as the great protector of Canadian children, so much so that in Quebec he is still called Uncle Louis.

It is hard to understand why the two old line parties have been so picayune in the matter of family allowances. They have recognized, up to a certain point at least, the principle that all social legislation should be geared to the cost of living. That principle is generally accepted in industry and it is even considered natural that salaries should be geared to the cost of living.

But as far as family allowances are concerned, practically nothing has been done. Would it be that powerful secret forces are opposed to it because it would be to their advantage to destroy that main cell of the life of our nation which is the family? And please let us not hear again the old argument to the effect that we have no money, because there are many more appropriate areas where we could save for example, the field of nuclear weapons which will be obsolete in a year or two, and even the whole defence system where the Glassco report shows us cases of extensive and important waste.

I hope that members of all parties will vote for this motion so as to put a stop to what is said about them among the people. They find all the money they want when it is a matter of planning destruction and death but they cannot find any money when it comes to planning for life and construction.

(Text):

Mr. Lloyd Francis (Carleton): Mr. Speaker, the resolution of the hon. member for Charlevoix (Mr. Belanger) has three parts to it. First, it would double the present rate of family allowances. Second, it would authorize continuation of payment to 20 years of age while the child on whose behalf the allowance is paid is attending school. Third, the resolution proposes an increase in the allowance after the age of 20 if the recipient goes to university, to be in effect an anticipated salary during university attendance.

The hon. member for Charlevoix quoted very convincingly from the statement of the prime minister of the day at the time the allowances were first established. As was indicated, the measure was passed in August, 1944 and payments were made effective the first week in July, 1945. When the program began payments were made on behalf of 2,956,844 children at an annual rate of $232,700,000. For the present fiscal year the estimated expenditure is $542,900,000 on behalf of close to 6,700,000 children. Payments are made on behalf of more than one third of the population of Canada who are within the age group up to 16 years of age.

When the program was first introduced the payments were on a graduated scale starting with $5 a month up to 6 years of age, then $6 up to 9 years of age, $7 up to 12 years of age and $8 between the years of 13 to 15 inclusive. At that time the rates were reduced in the case of large families. For the fifth child $1 less was paid, for the sixth child $2 less, for the seventh child $2 less and for the eighth child $3 less. The changes

which were made in 1949 abolished this discrimination against larger families which it was difficult, it is true, to justify.

In 1957 further changes were introduced and at the present time the rates are $6 a month for children who have not yet attained their tenth birthday and $8 a month for children between their tenth and sixteenth birthdays. Estimates for the 1963-64 fiscal year show an increase of not quite $11 million, or of the order of 2 per cent of what was paid before. For previous years the rate of growth of our child population has been in excess of this percentage.

In viewing this resolution I think it is useful to review very briefly another program that exists in every province of Canada. I refer to the provincially maintained programs of payments for needy mothers and I should like to do so for two purposes. First, it shows roughly the order of magnitude of these payments which are made generally speaking, as the result of investigation of need, to widows, deserted wives, women whose husbands are in penal institutions or mental hospitals, separated mothers and in some cases unmarried mothers.

I should like to refer to a study made by the deputy minister of the department for the year 1955 which showed that the order of magnitude—

(Translation):

Mr. Belanger: Mr. Speaker, I draw your attention to the fact that the hon. member is speaking about provincial laws instead of dealing with the motion under consideration.

(Text):

Mr. Francis: It is my intention to refer to this to show the order of magnitude of payments under a program which is designed to meet certain tests of need. Roughly $8 million in family allowances was paid in 1954 to mothers in receipt of mothers' allowances while under the provincial programs roughly three times that amount or a little under $24 million was paid to these same people. I am referring to this because the latter part of the resolution of the hon. member in particular anticipates a considerable extension of the role and purpose of family allowances and I have cited it merely as an indication of the order of magnitude of expenditure related directly to need requirement.

I think that in judging family allowances you cannot ignore the fact that this program is in existence and represents a fairly substantial welfare program of which Canadians are proud. When the case for family allowances was argued, and many worthy people in Canada and in other parts of the world advocated the adoption of the program, roughly four general arguments were put forward. The first one relates to criteria for a rational wage policy. We had the experience of a majority report of the national wage stabilization board in 1943 which recommended family allowances as a reasonable method for providing for need where circumstances dictated that the economy had to exercise a maximum of restraint on other fronts.

Most employers have a problem in setting out a wage. When they find that they have to pay the same amount to a single person on their payroll as to a married person with dependants, this frequently creates a number of anomalies in the wage structure and variations that cannot be justified purely in terms of the contribution of that individual. The family allowance movement was early recognized as an orderly approach to a wage structure and it was advocated among others by the late Lord Keynes for that purpose, and also persons in Canada including Father LeBel who published in 1929 one of the earliest Canadian documents setting forth—

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, on a point of order. The hon. member is wandering away from the subject matter now under consideration. Could he be reminded to stick to the motion now before us, that is whether or not family allowances will be increased.

Mr. Deputy Speaker: I have listened carefully to the remarks of the hon. member who, at the present time, is discussing the principle of family allowances. I think that the hon. member is perfectly within the rules.

(Text):

Mr. Francis: If the hon. member for Lapointe (Mr. Gregoire) would pay attention he might ascertain my purpose is to indicate the grounds that were put forward by the earliest proponents of family allowance, what they hoped to achieve by such measures. We, on this side of the house, were responsible for putting this legislation on the statute books. To suggest that we are in any way unsympathetic towards this is a gross distortion. We know what the purpose of the family allowance program is. There will be a measure put before this house which will deal, in part, with the resolution which the hon. member has in mind. I hope that by the time I am through with my remarks the hon. member will have some second thoughts concerning some aspects of the resolution.

The question of the development of a wage policy, I said, was one of the grounds used in the debate on this issue and was one to which the government of the day gave a good deal of attention. This was also a measure

to stimulate post-war prosperity in the forties, toward the end of the war. The advisers of the government were very much concerned with a measure which would provide a large amount of consumer purchasing power in the anticipated slackening off which would be part of the story of the adjustment from wartime to peacetime. The family allowance measure was put forward with the full support of the fiscal advisers of the government who felt it was an appropriate piece of legislation for Canada at that time.

The third reason which is often advanced, and which I do not think carries as much weight with us, is the suggestion that this is a positive instrument of population or demographic policy. In many parts of the world this is true. Many countries have adopted family allowance measures with a very different approach from the Canadian approach. They feel in France, for example, that an equalization fund for private employers should have a set objective to build up family allowances to something like 25 per cent of wages. Under those circumstances, there is some evidence that family allowance policy has had some effect upon family formation.

People who have studied our program, or attempted to draw comparisons with other parts of the world, had concluded that our program has had no significant effect upon the Canadian birth rate or family formation. For instance, our neighbour to the south does not have a family allowance program. During the ten years subsequent to 1946, the birth rate per thousand in Canada rose 10.4 points and in the United States 12.4 points. True it rose from a lower base in the United States in the first instance. The general picture of demographic trends and those who have advanced demographic purposes for family allowance legislation, usually suggest that in the case of a country such as Canada the most significant factors are the general level of employment and income. Thus, the effects are very much greater than anything that can be traced to family allowance purposes.

The resolution, Mr. Speaker, I think has to stand on the basic purposes for which it was advanced by the government of the day. This relates to a measure of social justice for which we all have the very greatest sympathy. I listened to the hon. member for Charlevoix when he started to quote the Right Hon. William Lyon Mackenzie King in the debate, and to suggest correctly that 84 per cent of the children were supported by 19 per cent of the wage earners, one fifth of the wage earners of the country. This is a proportion which seems to be borne out in widely different circumstances and cultures. The basic inequality of such a thing is the real reason for family allowances. They are, fundamentally, an attack on poverty which is associated with large families. They represent a measure of equality of opportunity for Canadian children, and under such circumstances they have been the bulwark, fundamentally, of our entire structure of social security.

Now, Mr. Speaker, I said the resolution had three arms to it and I have indicated the general grounds which the measure was implemented and defended not only in Canada but in other parts of the world. I give full credit to the people who have consistently taken an interest in this legislation, an interest that goes beyond the superficial. However, we must bear in mind that the question of the extension of family allowances to meet the purpose of higher education calls for further examination.

Our party is committed to extending family allowances to children at school to the age of 18 years. At the appropriate time, I am sure legislation will be brought before this house to implement the commitment which we firmly made during the course of the election campaign. However, I presume one of the purposes of this measure would be to extend family allowances and make them the basis of a salary for students attending university. It is significant that in one of the early literature or the statements made at the time was there such a purpose indicated. Our party is on the record as supporting a program of national scholarships, which I am certain is a more logical, more satisfactory approach towards permitting worthy students of modest circumstances to achieve a higher education. I do not believe that the extension of the family allowance to $18 per month is going to give the person attending university a large salary. I do not believe the hon. member seriously believes for one minute this sum would be adequate for the purpose which the hon. member has outlined.

Then, Mr. Speaker, we have an aspect of this matter which I am sure the mover of the resolution will want to consider very carefully. We have had a budget placed before this house on which there will be a debate in the near future. We noted that budgetary expenditures were in the area of $6,500 million. I have indicated that the estimated costs of the family allowances for the present year exceed $530 million. The effect of the proposed measure would be to add over $530 million to the budget deficit which would have to be faced by this house. The hon. member has indicated that he is in favour of economy in many other areas of government operation. I wonder if he has given thought to the implications of continuing the federal government in the field of fiscal relations to this magnitude at a time when a question has

been raised concerning the appropriate share of various tax fields for the provincial, municipal and federal authorities.

Certainly, the raising of this sum of money through federal taxation, and the spending of it in the form in which family allowances are now spent, would have some interesting redistribution effects. Very few people have studied the regional effects of the redistribution of family allowances. One of the gentlemen who did attempt a very good study is the man to whom I referred earlier, the present deputy minister of national welfare. In an article published in *International Labour Review* for March, 1957, he cited some facts to which I should like to refer.

For the fiscal year 1954-55 the four Atlantic provinces provided 3.8 per cent of the direct tax revenues of the federal authority and received 12.8 per cent of the family allowance payments. The prairie provinces were the source of 11.4 per cent of direct tax revenues and received 17.7 per cent of family allowance payments. The province of Quebec was the source of 26.1 per cent of direct tax revenues and received 31.7 per cent of the family allowance payments. B.C. was the source of 9.6 per cent direct tax revenues and received 7.5 per cent of family allowance payments. Ontario was the source of 49 per cent direct tax revenues and received 30.2 per cent of family allowance payments.

I think there is a great deal of evidence that this redistribution is a highly desirable form of income redistribution. It goes from the wealthy areas to those with less capacity to support the general level of welfare and educational services, and to provide such basic things as food, clothing and shelter. This is one of the very good aspects of the program.

The program uses the federal authority directly as a source of raising funds and dispensing funds, and when we come to look at the redistribution within families we find some very interesting things. The study to which I refer covered the year ending August 31, 1948 and I have been unable to find any subsequent studies. In fact I think it is time another was undertaken, but the study showed that for all families receiving family allowances the allowances amounted to 4.9 per cent of net income.

Families with three or more children, and with incomes below $3,000, benefited to the greatest extent. Generally speaking the real impact of the family allowances program is found on families earning more than $3,000 and with no more than three children, and here the percentages of income tend to become significant. In the case of families with five and more children, family allowances were something like 12.8 per cent of family income.

This is a very significant redistribution measure, and when we review the program today I think we recognize that the impact that was feared in 1944 by two of the three major organized labour bodies has not come to pass.

There is a wide degree of support, almost unanimous, from all parties to the program. The program itself is basically a measure of social justice—

Mr. Deputy Speaker: I regret to interrupt the hon. member but his time has expired.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I only wish to say a few words in support of the bill introduced by the hon. member for Charlevoix (Mr. Belanger), and I hope that government members will allow it to be adopted in the best interests of Canadians.

We, on this side of the house, included in our program during the last election campaign, an item designed to extend family allowances to children up to 18 years. I was very surprised to note that in the budget introduced by the Minister of Finance (Mr. Gordon), there was no mention of family allowances. It would have been better to deal with this matter rather than increase defence expenditures and purchase nuclear weapons—against the wish of the Canadian people—which will cost taxpayers several million dollars more.

In my opinion, the present government would have been better advised to convince the Minister of Finance to announce an increase in family allowances, and to extend their application so as to include children up to 18 years, which would only constitute a normal adjustment in view of the exorbitant cost of living.

Family allowances should also have a greater social character and be more in line with Christian principles. It would be advisable, in my opinion, that the tenth child get more than the ninth, and the ninth more than the eighth.

The hon. member refers in his bill to the question of education. I believe he is wrong, because education matters come under provincial jurisdiction and, as I have always advocated, we should return to the provinces their taxation rights and they will be able to provide for the education of children. Family allowances should be increased instead, according to a graduated rate, so as to encourage Canadians to raise their children in better conditions.

I support this measure unreservedly in all respects and, as I said earlier, there was an

important item in our program during the last election campaign concerning family allowances.

I hope that members of the house, especially those from Quebec and Ontario, will not take up the rest of the time to kill this very important bill, likely to provide great assistance to our Canadian families.

(Text):

Mr. Arnold Peters (Timiskaming): I only wish to say a few words on this motion and to congratulate the hon. member for Charlevoix (Mr. Belanger) for bringing it forward. During the recent election campaign all political parties supported the idea of supplying more equal distribution of wealth through social justice, or whatever term one wishes to call it. The matter of family allowances was also supported by all parties.

Like the speaker immediately preceding me I was surprised to see this was omitted from the budget, and unlike some of the previous speakers I am not so convinced that the government will introduce measures along this line, unless it is prodded into doing so. I have always felt family allowances were to provide for the education of young children, and when the act was originally introduced the age of 16 years was the average age at which children finished their education and went to work. However, we have moved very rapidly in the educational field, and 16 years is no longer the age at which children go to work. In many cases their education continues for another four or five years, and rather than stipulate the age of 20 I believe these allowances should be continued to the age of 21.

I have children in that category myself and I have found no lessening of their expenses after the age of 16 years. As a matter of fact it seems to be more expensive to outfit children after the age of 16; and so not only do I think the age limit should be extended but payments should be on a graduated scale, rising with the age of the recipient.

The question of raising the allowance, or doubling it, is one for the house or a committee of the house to discuss, but no matter what decision is reached I believe we should include a new provision gearing family allowances to the cost of living so that we will not continuously have to raise this matter in parliament. The country has watched the gymnastics that have taken place in social security, particularly in relation to old age pensions, with one political party trying to outdo another. I only hope this does not happen in the field of family allowances, and that allowances will be brought into line with the purchasing power that was originally intended. That would probably increase them by at least 50 per cent, and with the new provision that they be geared to the cost of living they can be taken out of the realm of political promises at election time.

I am not too well informed as to what has been done in other countries or in what way social security programs have been applied relating to this matter of student salaries. To my mind this is a new area and is one which I think many people in Canada in the educational field would want to consider before we adopted in a family allowance bill. There would probably be those who would want to discuss the constitutionality of this problem. I am quite sure there would be some who would think that if the federal government were to pay a salary to students attending university, some of the provincial autonomy in the field of education would be superimposed on the federal government. I am not sure that this is true, but I think there are those who would argue this way. This might be a limitation to our passing an increase in family allowances at this time, and I hope the mover of the resolution will indicate either that this question will be considered or he is willing to consider an amendment that would allow us at another time to discuss the question separately from family allowances.

I believe family allowances have been used to great advantage by Canadian families. I know personally of hundreds and hundreds of cases where children who are now attending school would not have been able to do so if it were not for the limited assistance that is given by the family allowance. In many cases this amounts to a very large portion of the cash income of the family. I believe this measure has served a need and that governments are being very slow in waiting for the push that is sometimes given by elections in regard to legislating family allowance increases. I hope the government will consider sending this subject to a committee, as they have other subjects, where it can be discussed. The merits of the two proposals, which are fairly separate in my opinion, could be discussed in committee. There would then be no delay in the implementing of a large increase in the family allowance and the extension of that allowance to take into consideration the changes which have been made in our educational system in allowing our children a longer period of education before they enter the labour market.

(Translation):

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, before making a few remarks about this motion, I wish to point out how unfortunate it is that some members take part in the debate on such an important matter solely to make political capital.

I am of the opinion that an act should be adopted to make it impossible to treat in such a way social legislation.

Mr. Speaker, it must be admitted that the Family Allowances Act is certainly, and we are all agreed on that, one of the best pieces of social legislation ever passed by the house.

I do not want to take up the valuable time of the house to praise the benefits of that act. I only want to make humble suggestions which, if they were implemented, would make this act much more effective and more profitable for the many families who benefit from it.

At the end of March 1962, 2,649,317 families were in receipt of family allowances for 6,562,287 children, that is for more than a third of the total population of Canada. Net payments for the year were $520,781,193.

In actual fact, what did the Family Allowances Act cost the country the amount of $520,781,193 during the fiscal year ended March 1962?

No, Mr. Speaker, because even though that sum was paid through the Department of National Health and Welfare, the Department of National Revenue, by virtue of the same act, has collected many thousand dollars, the exact amount being impossible to estimate. This statement may astonish many members but you will easily understand what I mean after the following explanations.

On page 2 of the income tax return T-1, paragraph 2, we can read: Exemption for children qualified for family allowances—$300, and for each child not qualified for family allowances—$550.

If you figure it out, here are the results you will get. A person with an annual income of $3,000 and who has a child is entitled to an exemption of $2,350 if the child is eligible for family allowances; so his taxable income will be $650, which represents an income tax payment of $80. If the child were not qualified for family allowances, his exemption would then amount to $2,550 and his taxable income would be $450; consequently, the amount he would have to pay as income tax would be $56, that is $24 he must pay as additional income tax because he receives $72 in family allowances. We may conclude that that person must pay as income tax a third of the amount received in family allowances.

We see also that with an income of $5,000, a family of four children will receive $288 in family allowances, but the father will have to pay $113 more in income tax, which means that the family allowances in this case come to $175 for the year. So, for each child, the government does not grant $6, but in fact $3.60 a month.

Let us consider the case of a father of eight with an annual income of $8,000. Because he receives an amount of $648 in family allowances, instead of paying $182 in income tax, he will have to pay the Department of National Revenue the amount of $442, that is a difference of $260 in additional income tax.

And the same arithmetic can be repeated for the 2,649,317 families receiving family allowances.

Mr. Belanger: Mr. Speaker, I ask that the house be adjourned because there is no quorum.

Mr. Côté (Longueuil): Mr. Speaker, may I go on?

Mr. Deputy Speaker: No.

(Text):

Mr. Byrne: Mr. Speaker, might I ask that those hon. members from the Social Credit party who just left the chamber be returned?

Mr. Deputy Speaker: I understand there are 20 members in the house. If hon. members leave the chamber it becomes difficult to count. Some hon. members come in and walk out, which makes it difficult to ascertain the number present. Perhaps those hon. members who are standing would sit down. That would help us make an exact count.

I declare that there is at this moment a quorum in the house.

(Translation):

Mr. Côté (Longueuil): So now, you see what I mean, Mr. Speaker. Having withheld part of the family allowances on the father's revenue the government pays it back to the children. This may be a good thing for certain families, but for most of them I do not think it is really useful.

In 1944, when this legislation was enacted, the amount of the family allowances was certainly chosen from several amounts after a careful study of the cost of living. In 1963, the cost of living has gone up again, going from 74.6 per cent in 1944 to 132.3 per cent in 1963, an increase of 57.7 per cent. Now, family allowances were increased by 11 per cent in 1957 and have remained at that level since then.

It seems to me, Mr. Speaker, that when a piece of social legislation is enacted it should provide that the amounts paid will be reviewed every five years and, if necessary, ad-

justed to the cost of living index of the current year, on the basis of the cost of living at the time the legislation was first enacted. In that way it would be possible to avoid, during an election campaign—

Mr. Pigeon: I move the adjournment of the house.

Mr. Deputy Speaker: I do not see on what the hon. member bases himself to rise in the middle of a speech to move the adjournment of the house. The hon. member for Longueuil has the floor at present and I fail to see how he is transgressing the rules of the house.

Mr. Pigeon: Again I rise on a point of order and on a question of privilege. A short while ago, we did not have a quorum and the adjournment was delayed.

Mr. Deputy Speaker: I declared that we had a quorum. There is certainly no question of privilege nor a point of order.

The hon. member for Longueuil has the floor and I would ask him to continue his remarks.

Mr. Côté (Longueuil): Thus, we would prevent politicians of all parties from promising during an electoral campaign that they will raise family allowances, old age pensions, etc., and it would force them to find something new to talk about.

Should family allowances be doubled or tripled? I would not know, but after a review of the situation, we should set the amount of the allowances on the basis of the change in the cost of living. To further improve this legislation, we should not tax family allowances.

Mr. Speaker, I believe that if these few suggestions were put into effect, they will restore to the act the full purpose for which it was enacted.

Mr. Gerald Laniel (Beauharnois-Salaberry): Mr. Speaker, I am glad to take part in this debate on the motion submitted by the hon. member for Charlevoix (Mr. Belanger)—or is it Charlevoix-Montmorency—to amend the Family Allowances Act.

However, I must express my disapproval of what happened here a short while ago when a step was taken to prevent a member from expressing his views—

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I rise on a point of order. In my opinion, the hon. member has no right to impute motives to a member who tried to exercise his rights in the house as he saw fit.

Mr. Laniel: Mr. Speaker, on the point of order, may I say that I was not speaking of any member in particular but of what happened in the house.

Mr. Martineau: It is against the rules.

Mr. Deputy Speaker: I would ask the hon. member to come back to the resolution under consideration.

Mr. Pigeon: Mr. Speaker, in view of the fact that the hon. member has attacked a certain hon. member, could I—

Mr. Deputy Speaker: Order. It did not seem to me that the hon. member for Beauharnois-Salaberry was attacking anyone. He had treaded on somewhat delicate ground but as a point of order was raised, I called him to order and I feel that the matter is closed.

Mr. Laniel: Thank you, Mr. Speaker.

In intended to deal with the over-all question of family allowances and to find what would be the proper time for a complete study of that proposal, especially in view of the fact that this country now has a government which made it clear to the Canadian people that the legislation to be introduced in the house within its four year term would include a bill to extend family allowances to students.

However, Mr. Speaker, there is one aspect of the problem which has not been touched upon during this debate and I should like to discuss it briefly. It has been said—and the hon. member for Charlevoix mentioned this point—that the cost of living index has gone up while family allowances have remained practically unchanged since their introduction in 1944.

But they forgot to mention that during the same period, there has been a general increase in the income and salary of Canadians. In fact, Canadians get a much higher income now than in 1944.

Mr. Speaker, I am not at all against the increase of family allowances but I really think that the question should be fully studied, that we should not accept only the favourable arguments but that the whole question should be analysed, and that perhaps we should go beyond the ideas put forward by the hon. member for Charlevoix.

Inquiries of the Ministry

It is possible that we may have to review all the aspects of the present social security program to determine clearly in which field the needs are greater or more urgent, so as to achieve a better distribution of the public funds available, which would be more profitable to all heads of family in Canada.

Mr. Speaker, in 1944, the average salary in Canada was $31.85. In 1949, it was $42.96 and now it has reached $80.55, which represents an increase of over 150 per cent while the cost of living index has gone up by only 80 per cent.

(Text):

Mr. Deputy Speaker: The hour appointed for the consideration of private members' bills having expired, and it being six o'clock I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

AIR TRANSPORT

USE BY MOUNTED POLICE OF STRIKEBOUND PLANES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I would not want the Minister of Finance to get the impression that he is the only minister who is being favoured with questions today. Earlier today I did send notice to the Minister of Transport of my intention to ask him a question. My question is this. Has it been brought to the minister's attention that members of the Royal Canadian Mounted Police are using strikebound Pacific Western Airlines planes between Calgary and Edmonton and, if so, is it the intention of the minister to take steps to see that government personnel use the alternate means of transportation available, so as to avoid their participation in strike breaking activities?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I want to thank the hon. member for giving me notice of his question. I must tell him that it seems to have a good many assertions in it and I hope he will not expect me to accept all the assertions. The answer to the first part of the question is no. As to the second part of the question, since it has to do with the R.C.M.P. I will draw it to the attention of my colleague the Minister of Justice.

[Mr. Laniel.]

(Translation):

TRANS-CANADA AIR LINES

INQUIRY AS TO PURCHASE OF CARAVELLE PLANES

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Minister of Transport.

Could the minister confirm the purchasing of Caravelle jet aircraft by Trans-Canada Air Lines?

(Text):

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, there has been no such purchase made and I would expect that it would be some considerable time before any purchase of planes is made by Trans-Canada Air Lines.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, following the answer given by the Minister of Transport, I should like now to direct a question to the Minister of Finance.

Would the Minister of Finance exert pressure on the Minister of Transport in order that he may buy Caravelle aircraft; for, if one considers that these planes will be built in Canada, this means, from the point of view of our trade balance, that an additional amount of about $200 million, a substantial amount, would come to Canada.

(Text):

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I am sure there is no necessity for me to exert pressure on anyone.

HISTORIC SITES AND MONUMENTS

BATOCHE, SASK.—DISMISSAL OF ASSISTANT CARETAKER

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. Would he inform the house on what date and for what reason Mr. Placide Pilon, assistant caretaker at the Batoche historical site, was relieved of his duties?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I will have to take that question as notice and I will try to let my hon. friend know tomorrow.

TRANSPORT

RAILWAY BRANCH LINES—MORATORIUM BY C.P.R. ON APPLICATIONS FOR ABANDONMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the

Minister of Transport. In view of the announcement by the management of the Canadian National Railways of their intention to study the question of the discontinuation of service of more than 1,000 miles of track as a first step in a reasonable approach to this problem before any further action is taken, would the minister consider consulting with the management of the Canadian Pacific Railway with a view to that company taking a similar attitude prior to any action being taken with respect to abandonment of lines or discontinuance of any passenger service, particularly the Kettle Valley Railway?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I regret I am not familiar with all the details of the operation of the Kettle Valley Railway, but I can assure my hon. friend that with regard to the question of railway line abandonment, about which he has been reading in the press in the last few days, the applications or notices of intention filed by Canadian National Railways were being given in pursuance of an arrangement made at a meeting with the government in January of this year. The arrangement was that the notices of intention with regard to the prospective branch line abandonments in western Canada and the three prairie provinces would be filed but no action taken to commence the hearings until they had all been filed, and no abandonment action taken subsequent to that until there was an opportunity for the government to determine policy and the legislation arising out of the MacPherson royal commission.

The further question he has asked today refers to the Canadian Pacific Railway, in an attempt to obtain the same information from them. In his question today he has spoken about the Kettle Valley Railway in British Columbia, and I will have to look into the matter to see whether that railway is included in the category of railways which was dealt with in the arrangement made with the government in January last.

DOMINION-PROVINCIAL RELATIONS

REQUESTS FOR CONFERENCE RESPECTING MUNICIPAL LOAN LEGISLATION

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Prime Minister. Could he advise the house whether he has received letters from any provincial premier or minister of any provincial cabinet requesting a federal-provincial meeting or consultation before further consideration of the municipal loan fund legislation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not recall receiving any such representations but I shall be glad to look into the matter and if any have arrived I will let my hon. friend know tomorrow.

[*Later:*]

Mr. Pearson: Mr. Speaker, the hon. member for Royal asked me a few minutes ago whether any communications had been received from the provinces regarding a request for postponement of consideration of the municipal development fund legislation. I am reminded that one such communication has been received, which I had forgotten about when I gave my tentative answer before, from the premier of Quebec, and it requested postponement of the consideration of the bill until the provinces had their meeting, which I believe is to take place in August.

ROYAL CANADIAN AIR FORCE

EDMONTON—REPORTED INTENTION TO DIVERT OVERHAUL WORK

On the orders of the day:

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, on Friday last the hon. member for Edmonton West asked a question in relation to the strikebound facilities of Northwest Industries Limited and whether there had been a transference of the work load from Northwest Industries Limited to other areas. Regarding plant airframe requirements, the answer is in the negative. No requirements which were actually placed with the company prior to the strike have been moved elsewhere. Northwest Industries Limited has maintained a skeleton staff of about 40 employees who are completing as best they may the necessary urgent work of the R.C.A.F. In respect of certain instruments a transfer of intended work was made from Northwest Industries Limited to another firm, and one reason for this was that the instruments were urgently required on aircraft about to be shipped out to India. These were Harvard aircraft.

IMMIGRATION

RETURN OF DOCUMENTS FOLLOWING CHINESE INVESTIGATION

On the orders of the day:

Hon. Guy Favreau (Minister of Citizenship and Immigration): Mr. Speaker, last Friday

Inquiries of the Ministry

I promised to give an answer today to a question put by the hon. member for Skeena on June 5, 1963, about the return of documents such as landing papers, passports and citizenship certificates seized in the case of Chinese people who are alleged to have entered Canada illegally.

There are two types of occasions on which documents have been or are obtained either by officers of the R.C.M.P. or immigration officers in matters of illegal Chinese immigration. First, there are the cases of direct investigation by the R.C.M.P. of illegal immigration activities, such as the one made some three years ago. I am advised that the documents seized on these occasions have been seized in each case under the authority of search warrants and that they have been or are returned to the persons from whom they were taken on completion of the R.C.M.P. investigation.

Then there are the occasions when an individual has made or has indicated an intention to make a statement as to his identity to an immigration officer. On these occasions such documents as landing cards, citizenship certificates and passports are retained from the immigrant by the immigration officer. They are not returned to him but are sent to the Department of Citizenship and Immigration for retention pending the adjustment of status. There is, of course, no point in leaving these documents in the possession of these immigrants in the meantime, inasmuch as the status purported to be certified by them is false. However, once the immigrant's status has been adjusted these documents are reissued under the changed identity and remitted to the immigrant.

If my hon. friend will let me have the name of any Chinese whose documents have been taken from him and not returned or replaced, I shall certainly look into this.

(Translation):

HOUSE OF COMMONS

RIGHT OF MEMBERS TO PUT QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I rise on a question of privilege. As witnessed by page 1163 of *Hansard* for last Friday, the Secretary of State mentioned the fact that a series of questions have been put on the order paper. He stated first that this could become, for many, a way of making a mockery of parliament. A little further, he said that was a rather unexpected and, in his opinion, unfortunate development.

First of all, I should like to say that it is the privilege of hon. members to ask any questions they want. I should like to add that the series of questions had been prepared in advance and that we had asked the minister whether he would prefer to answer them directly or whether he would like us to put them on the order paper. That question was addressed to the minister as follows:

(Text):

I have a series of questions on bilingualism in your department. Would you prefer that I send these questions to you directly in order not to have too many questions on the order paper?

(Translation):

The Minister of National Defence replied as follows:

(Text):

Whatever you wish.

(Translation):

Then, we sent him the questions directly, without putting them on the order paper.

However, the Minister of Trade and Commerce made this suggestion to us:

(Text):

May I suggest that your questions be put on the order paper in view of the interest of all hon. members in the matter of bilingualism.

(Translation):

And it was signed "Mitchell Sharp". Out of four ministers, two expressed the wish that we put those questions on the order paper and two, the Minister of Citizenship and Immigration and the Minister of National Defence, would rather have us proceed directly in order not to overload the order paper even more.

I still have further questions to ask, and I shall continue to send them directly to the ministers, if they are willing to answer them, in order not to overload the order paper. However, I feel it is the privilege of members of this house to put all questions they see fit on the order paper.

POWER

COLUMBIA RIVER—REQUEST FOR DETAILS OF DRAFT AGREEMENT

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, on Friday last

the hon. member for Sherbrooke (Mr. Chapdelaine) asked me a question to which I promised to give a reply today.

I presume that the report to which he referred was a dispatch from the Canadian Press in Creston, B.C. which appeared in the newspapers on June 14.

I looked into that news report and I really cannot add anything to what I said that same day in answer to a question put to me by the hon. member for Burnaby-Coquitlam, that it is not proper to make details public while negotiations are still going on.

[*Later:*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the President of the Privy Council.

As the so-called "commissioner" has proved he is unable to hold an inquiry, is the President of the Privy Council ready to tell the house that no public money will be spent for the financing of the "Gregoire commission?"

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I rise on a point of order. I should like to point out that when a government inquiry lasts two whole years, the one I am conducting cannot be considered inefficient after only two weeks. Before passing judgment the hon. member for Quebec-Montmorency would be well advised to find out about the time usually allotted to inquiry commissions.

(Text):

MUNICIPAL DEVELOPMENT AND LOAN BOARD

PROVISION FOR FINANCIAL ASSISTANCE TO MUNICIPALITIES

The house resumed from Friday, June 14, consideration in committee of the following resolution—Mr. Gordon—Mr. Lamoureux in the chair:

That it is expedient to introduce a measure to promote increased employment in Canada by the provision of financial assistance by way of loans to municipalities, the object of such loans being to enable municipalities to augment or accelerate their capital works programs subject to the approval of the provinces concerned; and for this purpose to provide a special fund in a consolidated revenue fund not exceeding four hundred million dollars to be available for the making of loans to municipalities and certain other municipal authorities for specific municipal capital works projects; to establish a municipal development and loan board to administer the fund so provided; to authorize the acceptance of municipal debentures for any loans so made; to authorize a measure of forgiveness in respect of any loans so made, depending upon the date of completion of the projects for which such loans are made; and to provide further for other related and incidental matters.

Mr. Horner (Acadia): In rising to speak on this resolution, I do so with some hesitation because of the extremely active debate which has ranged in this house for the last day or so as a result of the irregularities in the preparation of the budget. One's mind has wandered far, but I shall endeavour to get back to this resolution dealing with loans to municipalities. I noticed that the fund will be established out of the consolidated revenue fund and will be $400 million. The resolution proclaimed that the main objective of this measure was to increase employment. I must say that I am doubtful the objective will be achieved, and I will explain my reasons for this as I go along.

First of all, there has been a limitation placed on the use of this money. The minister stated that he estimated this measure might cover half the normal borrowings of the municipalities and might cover two thirds of the cost of the projects. He went on to explain the rate of interest and the forgiveness features.

In so far as the $400 million is concerned, the other night it was pointed out that in the last five years the previous government made $900 million available to the municipalities through the winter works program.

This was directly for use during winter time when unemployment is highest, but here are $400 million to be spread over three years and to be used any time of the year. This is one of the basic differences.

The last time something like this was attempted was in 1938 when an act was passed called the Municipal Improvements Assistance Act. Under it money was to be lent at 2 per cent interest, and there was a definite regulation clause written into the act dealing with the amount of money that could be lent to any particular municipality. It may be such a provision will be written into the bill that will follow this resolution. Section 6 of the 1938 act stipulated that loans to municipalities should relate to the percentage their populations bore to the population of the country, but I fear that under this legislation loans will be made on a wide open basis to the larger municipalities, and that they will gobble up the greatest part of the $400 million, possibly within the first year.

Hon. members should keep those remarks in mind, and should also consider what has taken place here during the last couple of days with the government showing a definite favouritism to Toronto, Bay street interests,

and to investment brokers. It is quite conceivable that most of this fund will be channelled into the larger centres. This is one of the greatest fears I have in regard to the proposed bill.

I believe the money should be lent on a per capita basis, giving each municipality a chance to borrow for projects which would give a long term return. To set up a municipal loan fund for three years is not enough. It cannot possibly begin to become a revolving fund in any sense of the term because most municipal loans are taken out for 20, 25 or 30 years. I might add that the interest rate is not particularly appealing either.

I hope the forgiveness clause in the proposed bill will be as good as the forgiveness clause with regard to sewerage projects undertaken under Central Mortgage and Housing Corporation during recent years, when 25 per cent was written off if capital works projects were undertaken within a specified time.

These are things which should be considered with regard to this municipal loan fund before it is held up to mayors, reeves and councillors all across the country as the answer to their hopes and prayers for money to develop their municipalities. We in the province of Alberta do not look forward to this fund with any real interest because we have one great fear that loans may be made without any great deal of judgment with regard to their efficiency. By that I mean there is no real objection towards making a 20 year loan to a municipality for a capital works project that will continue to give employment, but there is towards making loans for structures which will be outdated within that time and will require to be replaced by more modern structures before the original loans are written off.

Municipalities in Alberta are also notable for the heavy debt load they carry already, and this loan fund cannot be held up as the answer to their hopes. This subject has been dealt with already during the debate and I do not want to put the figures on record another time; but what the municipalities need are more generous grants towards capital works projects, and not necessarily more loans which will place them further and further in debt.

The Alberta legislature has set up the Alberta Finance Corporation which makes loans to municipalities. When it was first set up it made loans at 2.5 per cent interest. Now the interest is up to 4.5 per cent, and even 5 per cent in many cases. Municipalities in Alberta have taken great advantage of this act and many improvements have been made in both the smaller and larger centres.

One principal necessity is for government at all levels to look ahead and plan ahead in the financing of capital works projects. Municipalities must gauge with reasonable accuracy their estimated population growth before determining the need for loans. This holds true for municipalities, towns and cities, and they must be able to gauge their needs 10 and 20 years from now.

While I hesitate to agree that this loan will solve the unemployment problem, I think that loans made to municipalities for the construction of works which will continue to create employment in the years ahead would be much more beneficial than undertaking projects which provide jobs while they are being built, but after they are completed do not provide any more jobs. With the limiting factors placed upon loans under the proposed legislation, no loans will be made to municipalities for sewerage, water, and many other types of projects which would be more beneficial and helpful in curing unemployment.

We have heard considerable talk about whether a municipal loan fund should be established out of the consolidated revenue fund or as an arm of the Bank of Canada. I do not think it makes any difference, but we have to have close co-operation between the federal, provincial and municipal governments because the provinces, through their direction of road programs and water development projects can control and regulate the growth of municipalities, towns and cities. For that reason I think the federal government in setting up the proposed board should keep close liaison with the provincial authorities.

That is an important point to consider at this time because we have just heard an answer on orders of the day to the effect that one of the provinces has asked the government to slow up, and perhaps not to pass the bill that will spring out of the resolution we are now debating, until after the provincial governments meet in August. That is important to consider because the success of the proposed act will be based upon the co-operation achieved between the federal, provincial and municipal governments.

The remarks made by the hon. member for Red Deer, with regard to the loan board which it is proposed to establish, were very interesting. He said there were three types of capital available to municipalities, namely tax capital, commercial capital and social capital, and he implied that social capital was the same thing as social credit. As I am from Alberta I was glad at least to find out what social credit was; apparently it is social capital. "Social capital" is a nice phrase. I do not know who first coined it

but we hear the New Democratic party lamenting about social capital from time to time. I know the Conservative party has dealt with social justice on many occasions. I do not know whether they are one and the same thing.

I was interested in the hon. member's remarks as reported at page 1194 of *Hansard,* in which he suggested, referring to the province of Alberta, that they have a revolving fund from which the money is made available at all times and it just revolves around and around. I wonder why, if the money is continually turning around and around in that revolving fund, they have to charge an interest rate which is higher than the cost of actually making those loans from the revolving fund. We are told that Social Credit is against interest rates; that interest rates are the ruination of the country. Here we have a revolving fund, with money being paid out to municipalities and coming back in from the municipalities, but the interest rate is far higher than the cost at which Social Credit in Alberta tell us money can be loaned. It is an amazing thing that if this is social capital working at its best in the province of Alberta, the interest rates have to be 4½ per cent to 5½ per cent. The hon. member went on to say with regard to social capital, as reported at page 1195, that it should be used for building bridges, hospitals, schools and all those things which do not make a profit and "which we will one day pay for out of our tax capital". I want to underline the words "which we will one day pay for out of our tax capital". Even social capital must be paid for eventually out of our tax capital. This is quite a concession from the leader of the Social Credit party in this house. I have lived in Alberta for a number of years and have been trying to find out what Social Credit is. We have finally figured out what social capital is; it will one day be paid for out of our tax capital. This is what the hon. member for Red Deer explained in his speech as reported at page 1195 of *Hansard.*

Mr. Thompson: You will find out what it is tonight when the votes are counted.

Mr. Horner (Acadia): The hon. member talks about votes being counted. That is fine. I can remember some votes being counted in the constituency of Red Deer not so long ago. The hon. member must have found out a lot of things that particular night too.

On this point it is interesting to bring to the attention of the committee, with regard to social capital and municipal loans, that on February 28, 1961 a similar debate took place in the Alberta legislature. That legislature was at the time debating the question of whether or not they should ask the federal government to set up a municipal loan fund. Mr. Manning, the premier of the province, entered the debate for the first time in the session and explained that a distinction should be drawn between social capital and those funds belonging to private individuals or corporations. I would like his government to produce a *Hansard* so that, rather than reading a report on the debate, I would be able to follow him verbatim and perhaps get a better idea of just what is meant by social capital as applied to municipalities.

Premier Manning went on to say that this social capital should be made available to municipalities to borrow at the going rate of interest. This is the premier of the Social Credit government in Alberta talking. He said they must expect to pay the going rate of interest. That is an interesting remark coming from a party which believes in no interest rates, or interest rates which are not greater than the cost of administering the loan. He suggests that a bank be set up under the Bank of Canada, something similar to that which the hon. member for Red Deer suggested in the debate on June 14. He also admitted, and I think this is very interesting, that if the money is made available through the Bank of Canada—I suppose he did not like to use the phrase "print it", but I suppose this is what he implied—that the plan would produce inflationary pressures. This is also quite an admission coming from the Social Credit group which over the years has said that the money supply has nothing to do with inflation. It is quite an admission coming from the premier of that province, who admitted that such a plan would produce inflationary pressures. He suggested that the Bank of Canada could control this by increasing the percentage of cash chartered banks must have on deposit in proportion to the amount on loan. This was his explanation of how inflation could be controlled, by making more money available from social capital and limiting the amount of money available through commercial channels such as the chartered banks. This would be the result of this action, to increase the percentage of cash the chartered banks must have on deposit in proportion to the amount on loan. This would be the security held against the amount loaned. This again, is a surprising thing coming from a party which advocates, and advocated on June 14, that this was one type of capital which should be expanded in order to promote free enterprise. How can you promote free enterprise by limiting commercial capital? Is that promoting free enterprise? I hardly think so. On one hand they want to increase social capital

and on the other they want to limit commercial capital and promote free enterprise. This is an impossibility.

Mr. Patterson: I am afraid you are all tangled up.

Mr. Horner (Acadia): I am not as tangled up as the hon. member would like me to be and as his party tangled up the voters when they led them through a tangled mess of haze for a great many years. Now they are getting straightened out to some extent with regard to elections.

Mr. Thompson: Count the votes tonight.

Mr. Horner (Acadia): I would like to do just that and I would like the hon. member for Red Deer to count the votes in the riding of Red Deer tonight. But I realize, Mr. Chairman, that these hecklers are drawing me away from the subject under discussion and I want to get back to it. I think one of the important things we must bear in mind is that loans should be made for no longer than the useful life of the project. If the credit is extended beyond the useful life of the project it is a very inefficient type of loan. It is an inefficient type of loan because it will cost the municipality far more money than the interest rate; it will cost three or four times the amount of the interest rate. The hon. member for Red Deer referred to several projects which were constructed for 50 years —and we have read about these—where the loan has recently been paid off, long after the project had gone. In many cases they had been torn up years ago. I think this must be guarded against in making freer capital available to municipalities instead of, to quote the hon. member for Red Deer again, rubbing liniment on an ache or pain, and continuing the life of the ache or pain. Such a remedy might eventually do more harm than good. Applied in another way, in the field of finance, it might eventually cripple the whole provincial tax structure.

This is one of the great dangers with which the municipalities of Alberta are faced today. There is a danger that their tax structure will be crippled because of the high municipal debts in the province. In no province in Canada is municipal debt higher than it is in Alberta; there is no province where land taxes are as high as they are in Alberta. This is because money has been made available to the municipalities through loans, but not enough has been made available by means of grants. The former federal government made grants of money to the provinces in larger amounts, by way of direct grants, than ever before. Something like $3.6 billion was made available to the provinces across Canada during the last five years so that they might better meet their requirements.

We in this house all realize that the municipalities have, as their main sources of revenue, the taxes imposed on property and on land. It is true that some provincial governments make grants available to the municipalities out of revenue from sales taxes, gasoline taxes and so on. But by far the greatest amount of their revenue comes from land taxes. As a farmer, and as one who is, possibly, closer to the land than some others in this house, I realize the danger which the municipalities across Canada are facing when they must impose high rates of taxation in order to meet the cost of their municipal borrowing. This is why great care must be taken in applying for these loans. It is well and good for the government to say it intends to pour out money in order to do away with unemployment.

Mr. Lloyd: Would the hon. member permit a question? Is he aware that the mayors federation of Canada, through its executive, presented a request for consideration by the royal commission on banking and finance that a municipal loan fund should be established? This request was representative of all the mayors and municipalities of Canada.

Mr. Horner (Acadia): I was aware of that, and lest the hon. member be mistaken with regard to my remarks, let me say that I am in favour of a municipal loan fund.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): Nothing pleases a speaker more than to know people are listening to him, and I am glad members opposite have been paying attention to what I have been saying. It does my heart good. I may go on for 20 minutes longer.

I am aware that the mayors and municipalities at their meeting in Toronto recently wanted a municipal fund set up from which they could borrow money. But I wish to give this warning and say that such a fund may not be the answer to their desires. If not properly used, it may lead them further into debt. And who would have to pay this debt? The land owners throughout Canada would have to do so, whether they own property in a city or a farm in the province of Alberta. It would come from taxes on land, because this is where the municipalities acquire the greatest part of their revenue.

Lest there be any doubt about it, let me say that I am in favour of the bill, with certain reservations as to how the loans should be made. I am against the limitations placed on the use of this fund because they seem to

me to be applied in such a way as to encourage capital projects which will not provide for continuous employment. Jobs will be produced, it is true, while the capital projects are being built, but the money invested will not continue to produce jobs in the years ahead. If loans were made available in respect of water development, for example, there would be a continuous multiciplicity of jobs becoming available each year as a result of the initial capital expenditure. I know of many municipalities in my constituency which are constantly handicapped by the lack of ample water supplies and I wonder why loans in connection with water development projects could not be made available under this scheme.

Without doubt, loans to municipalities would help in getting them over the hump. But loans should be made in respect of projects capable of creating jobs as a result of which more money would flow into the coffers of the municipality concerned. I do not want to see this $400 millions lent out and spent on projects for capital works which would, in the end, increase government employment, for example. We all realize at one time or another that, to an extent, we are serving the people; we are working for the people. But the people are paying the cost of this administration, so we do not want the cost of administration of government to increase, whether municipally, federally, or provincially. That is why I say this fund must be spent in such a way that eventually more money will go back to municipal coffers.

I have tried to deal with some of the reservations I feel with regard to this loan project. I should like to deal with one more which particularly affects the smaller municipalities across Canada. This is the fear of being left completely out of participation in this $400 millions which is to be made available. They are in fear that the Bay street interests of the present government may control and funnel this $400 millions into the larger cities throughout the country and that the smaller rural municipalities will have none of it made available to them for the betterment of life in their areas. I hope the bill when drafted contains a provision similar to that which was written into the act to assist municipalities which was drawn up in 1938. I am told this measure was in effect only until 1939 when it got too hot for the government of that day to handle. I should like to see the present measure enjoy a longer life, longer even than three years, and make money available on a per capita basis to municipalities across Canada.

Mr. Gordon: I do not intend at this time to speak at length or in detail on the provisions of the municipal loan and development bill. The resolution placed on the order paper on May 20 stated the main purpose of the statute and indicated some of its principal features.

In my earlier remarks to the committee I affirmed the intention of the loan program to stimulate the economy and provide new jobs while at the same time assisting municipalities to construct basic capital facilities. In the debate on the resolution so far questions have arisen with respect to the detailed operation of the program. For the most part, Mr. Chairman, I suggest that further discussion on matters of this kind can be carried on more usefully perhaps after hon. members have had the chance to read the bill itself. I think it is rather difficult for hon. members to discuss the bill when they have not seen it, although I must say they have been doing very well under this handicap. In many instances answers to the questions which have been raised will be found in the provisions of the bill when it comes before the committee. However, in the course of the debate a few points of a more general nature arose on which I should like to comment now.

Let me first refer to the place of the proposed municipal loans programs in the over-all policies of economic expansion and new employment being developed by this government. The municipal loan program constitutes action designed to produce new jobs in the intermediate term. Among other measures announced by my colleague last week, were some designed for short term effects while others are intended to have their major impact over a longer period of years. All are integral parts of a national program of action. Each has its essential place in a plan of national development. The municipal loans in particular will have significant effects this winter—that is, of course, if the legislation is passed in time—and major effects in the two years following. They thus play an important role in the intermediate term.

The authorized amount of the program is $400 million—or that is what is being asked for. If fully utilized it will assist in the construction of some $600 million worth of additional municipal projects. Some hon. members have suggested that this amount seems small in view of the capital needs of the municipalities. The government does not hold this view. These are large sums, Mr. Chairman, and when we take into account the time of nearly three years, together with the range of eligible projects and the fact that the loans are to be applied to additional projects, then the $600 million of assisted projects constitutes a very substantial effort on the part of the municipalities.

In this respect I would ask hon. members to consider for the moment the demand for sewage treatment loans under the National Housing Act. This program has been in effect now for two and a half years. It has an authorized limit of $200 million. What has been the experience under that program? As of June 7, 1963 some 442 loans were made aggregating $100,285,000. Thus almost $100 million of loans remain available after two and a half years of operation. Against this amount there are now outstanding 14 applications aggregating approximately $4 million. The rate of utilization of this program may give some hon. members assurances as to the adequacy of the proposed new program, and I respectfully ask hon members to reserve judgment as to its scope until they have seen the bill. They can then relate it to the other programs being developed under the National Housing Act. For some of these older programs the government intends to propose amendments and improvements.

I also want to emphasize, Mr. Chairman, that loans will be available to all municipalities, large and small. Indeed, it is to be expected that the smaller municipalities will participate fully in the new program. The eligible projects are such that they will find ample opportunity to participate. Once again, if I may say so, this has been the experience under the sewage loan program, where, for example, more than one fifth of the loans were made to small communities in Saskatchewan. Loans to municipalities of all sizes were made throughout the country and there is every reason to expect that a similar pattern will emerge under the proposed municipal loans plan.

The other night, Mr. Chairman, the Leader of the Opposition asked whether the proposed program of municipal loans had been placed before the provinces before being presented to the house. This has not been done. It is the government's view that it is the right of parliament to have first opportunity of discussing this plan on the resolution stage, and then when parliament has expressed its views it will be appropriate to discuss the plan with the provincial authorities. As I have indicated, the proposed loan plan has been developed with full regard for the constitutional rights of the provinces.

Mr. Woolliams: Mr. Chairman, could I ask the Minister of Finance a question. Does he mean that there will be a meeting between the federal authorities and the provincial authorities between the resolution stage and presenting this bill to the committee or to parliament?

Mr. Gordon: No, Mr. Chairman, and if the hon. member will allow me to finish what I was about to come to, I think it will be quite clear to him. As I have indicated, the proposed loan plan has been developed with full regard for the constitutional rights of the provinces. When hon. members see the proposed legislation I am sure they will appreciate that the program cannot proceed and that loans cannot be made until appropriate procedures have been discussed and worked out with the provinces. Loan applications must not only be approved by the provinces; they must also be transmitted by the provinces to the proposed loan board. The co-operation of the provinces will thus be required and they will be consulted. The government is confident, Mr. Chairman, that the same co-operation which has existed under past and similar programs will continue under the proposed plan. I repeat, however, that the government's position in this matter is that parliament's views should first be ascertained. Approval of the plans should first be sought in the house and this is the course we propose to follow.

Let me point out that the course proposed is not an unusual one. Indeed, there are many precedents. Several of these relate to the procedures followed by the previous government. Let me cite the sewage loan program under part VI B of the National Housing Act initiated by the previous government in 1960 without, to the best of my knowledge, any prior consultation with the provinces of the kind suggested the other evening by the Leader of the Opposition. This program broke new ground in the field of assistance to municipalities by way of loans, but as I say I believe there was no prior consultation. A similar course was followed, so far as I am aware, in the case of the winter works incentive program. Here was a program of grants to municipalities decided upon by the government of the day without prior consultation with the provinces. The same was true, I understand, with the Technical and Vocational Training Assistance Act passed by this parliament under the former government, but before consultations took place with the provinces who were vitally affected.

Now, Mr. Chairman, the course we propose to follow is clearly not a departure from established practice. I noted with interest the remarks of the Leader of the Opposition which appear on page 892 of *Hansard*, where he stated that his reading suggests to him that:

> —public works have been ineffective as a means of meeting unemployment on any economical basis or standard, the cost is too great, and they do not provide jobs.

This is not the economic philosophy of this government and I doubt that it will appeal to members of the committee. We on this

side of the house are confident that the proposed plan will produce many thousands of new jobs and we have every confidence that it will operate with the co-operation of the provinces and within the framework of the constitution. To that end, Mr. Chairman, I ask the co-operation of members of the committee in expediting passage of the proposed legislation.

Mr. Pascoe: Mr. Chairman, the Minister of Finance in his brief outline has cleared up some of the points I had in mind in rising to speak, so as a result my speech will be much shorter. However, he still has not established in my mind that this plan is exactly what the municipalities desire and expect from the government, I am not an expert in municipal finance or in administration, but one does not have to be an expert in these matters to see that the program oulined in the resolution before us does not meet the present requirements of the municipalities and certainly does not provide for their future plans.

Like other speakers I am in agreement with the principle of a municipal loan fund, but the proposed loan arrangement does not come near fulfilling the great Liberal promises in the last election campaign. There are very few signs of the much-publicized, bold, imaginative program to end unemployment. The Leader of the Opposition emphasized the weaknesses and shortcomings of this municipal loan plan and other speakers have also dealt with particular points. As I said, the Minister of Finance has dealt with some of these points so that I do not need to repeat them now, but they will certainly be brought up again when the bill is considered in detail.

The resolution states that this is a measure to promote increased employment in Canada. We all agree with this objective, although we do not think that this plan will meet that objective. The objective of meeting the problem of unemployment is an objective with regard to which the former government had made and was continuing to make remarkable progress when its program of national development was obstructed by the opposition and the government was voted out of office.

I am sure we all agree that a municipal loan fund is necessary. Such a fund has been requested by the municipalities, as has been brought out by other speakers. But lending $400 million over the next three years to municipalities cannot be regarded as the full answer to their needs. A loan fund of $400 million seems like a tremendous sum and it is a tremendous amount especially when, as our leader pointed out, there is no indication just where or how the government intends to obtain this money.

How far will $400 million go in fulfilling the government's promise of full employment especially when, as other speakers have pointed out, the government gives with one hand and takes away with the other hand? In connection with the matter of giving and at the same time taking back I am thinking of the imposition by the budget of the 11 per cent sales tax on building materials. I am not sure how many hundreds of millions of dollars the Minister of Finance expects to receive from the 11 per cent tax on building materials but I imagine it will take a large slice out of the $400 million set aside for municipal programs.

What I am attempting to point out is that the larger part of any loan to a municipality under this program will have to be spent on building materials, leaving only a smaller portion of the loan for employment payrolls. The production of the building materials will, of course, provide jobs but I am thinking of smaller centres where building materials are not produced locally. In these smaller centres the increased building costs already imposed by the new government which has been in office for less than 60 days will do little to encourage or help building by municipalities.

There is another aspect of the proposed loan fund which will be of common concern to smaller centres. It has been made clear by the government that the fund will not be made available for the construction of hospitals, schools, university buildings or sewage systems. In the smaller centres the exclusion of these items will leave very little in the way of capital works that can be undertaken. As has been pointed out by other speakers, especially by the hon. member for Acadia, this means that the larger centres will receive nearly all the benefit from the proposed loans. This was indicated by the headlines in a Toronto paper following the announcement of this program. There were several stories about major projects in Toronto that would likely be eligible for loans from the $400 million fund. The cost of these proposed projects would take almost one third of the entire loan fund.

I am not blaming Toronto for trying to get all it can. We all know the city's reputation and the name it has been given because of its acquisitive habits. What I am trying to point out to the government, as others have pointed out, is that there must be some limit on what one city or one area can receive. I hope this will be made clear in the bill when it comes before us for consideration. I know the Minister of Finance touched on the subject but I think it should be brought out in more detail and, as the hon. member for Acadia said, there should be a definite limit

on the amount for any one centre. I have no idea what plans the municipalities in my area have but I am sure they will want their share and I am here to see that they get their share, and that all the money does not go to the large centres.

The Leader of the Opposition pointed out the difficulties likely to arise in securing dominion-provincial agreement with regard to the administration of the loan fund. These difficulties need not be repeated now. Perhaps I could ask the government one question with regard to the provinces. I know that some of the provinces have municipal loan arrangements of their own, but does this particular loan program envisage any contribution to the municipalities from the provincial governments? I am thinking of the winter works program of the former government under which Ottawa paid 50 per cent of the labour costs and the provincial governments paid 25 per cent. Under the former government there was a scheme of technical and vocational training, and Ottawa paid 75 per cent of the building cost and the province 25 per cent. I could cite another example from my own province of Saskatchewan. Ottawa is paying 75 per cent of the cost of constructing the south Saskatchewan dam and the provincial government is paying 25 per cent. Will there be provisions under which the provincial governments will participate in these municipal loans?

One reason for asking this question, Mr. Chairman, is the surplus of nearly $10 million reported by the Saskatchewan government for the last fiscal year. While the municipalities were cutting their works programs in an attempt to balance their budgets, the Saskatchewan government built up a surplus of nearly $10 million. I do not believe the government at Regina should take such pride in a budget surplus when this $10 million could have been used to help the municipalities.

This is not the whole story, Mr. Chairman, with regard to this surplus. The Saskatchewan government received from Ottawa, among other items, and I am not going to mention them all, over $30 million under certain tax sharing agreements, subsidies and so on. Ottawa also paid the Saskatchewan government about $18,300,000 under hospital insurance during the last fiscal year. All provincial governments received federal financial contributions on a similar scale. This was made clear by the official opposition financial critic, the hon. member for Digby-Annapolis-Kings, in his brief reply to the budget last Thursday. He gave figures to show that under the former government the provinces received $3,525 million more than would have been paid under the Liberal government's schedule. If these payments had not been made there would have been a federal surplus in the last five years.

These remarks are by way of commenting on provincial financial responsibility. As I said earlier, they are made to emphasize my question concerning possible provincial participation in this municipal loan plan. It may be of some interest to refer to some of the comments made by the mayor of a Saskatchewan city. These comments were made before the announcement of the $10 million surplus by the Saskatchewan government. At that time he said that the Saskatchewan municipalities were in urgent need of some financial assistance from the provincial government to ease the increasing burden of municipal taxation. He hoped that the Saskatchewan government would share the increased revenue from tax rentals from Ottawa. As I say, these remarks were made before the announcement of the $10 million surplus. At that time, he said the Saskatchewan provincial government might be able to claim a reduced provincial debt, but that the debt reduction was due to a shift in the tax load from the province to the muncipal government.

As I said, Mr. Chairman, I am making these comments in order to ascertain if there is some way by which the provincial governments can be brought into this plan. The Minister of Finance referred to the sewage projects which were introduced by the former government and which were a great success. He gave the figures in respect of this program. I hope he meant it, and I imagine he did, when he said that this loan program would fit in with the sewage program and would also fit in with the winter works program. Hon. members have pointed out that $900 million was paid under that winter works program, and I mention it in contrast to the $400 million available under this program.

As I say, Mr. Chairman, these comments have been cut short because the Minister of Finance explained some of the points I had in mind. However, these remarks result from inquiries I have received following the introduction of this resolution. I trust that these further questions will be cleared up by the Minister of Finance either now or when the bill is before us.

Resolution reported and concurred in.

Mr. Gordon thereupon moved for leave to introduce Bill No. C-76, to promote increased employment in Canada by financial assistance by way of loans to municipalities to enable municipalities to augment or accelerate municipal capital works programs.

Motion agreed to and bill read the first time.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

Hon. Walter L. Gordon (for the Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Atlantic Development Board Act to increase the number of members of the Atlantic development board from five to eleven; to establish as a separate account in the consolidated revenue fund an Atlantic development fund to which shall be credited the sum of one hundred million dollars to be used for the purpose of financing or assisting in financing programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available; and to provide that the said act shall expire on the 24th day of January, 1969; and to provide further for certain changes in connection with the administration of the said act.

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

Mr. Pickersgill: Judging from the applause, Mr. Chairman, with which my entry was greeted, I take it that my little stratagem worked and that hon. members opposite thought when I went out that I had left the building and the government would be caught napping.

An hon. Member: We knew what you were doing.

Mr. Pickersgill: I may say, sir, that if my absence from the house upon occasion will stimulate the same kind of progress I will try to stay away as much as possible.

Some hon. Members: Hear, hear.

Mr. Pickersgill: I know of course with what eagerness certain hon. members, particularly the hon. member for Cumberland and the hon. member for Victoria-Carleton, have been awaiting the introduction of this resolution. In fact some of them have spoken in anticipation of what was going to be said. I think therefore it would be desirable if I read the resolution itself and comment very briefly. I can assure the committee it will be very briefly because I hope we might get first reading of the bill by ten o'clock, in which case we could go right on and pass the bill tomorrow, and that would speed up the work of the board, which I know many hon. gentlemen opposite, as well as those on this side of the house, would like.

Mr. Fairweather: Would the hon. minister permit a question?

Mr. Pickersgill: Certainly.

Mr. Fairweather: Is it not a fact the board is now constituted and set up, and cannot its work proceed immediately?

Mr. Pickersgill: The hon. gentleman is just anticipating a point I was going to make in my speech, and I will make it at the point I intended to make it, and not seek to anticipate myself. The resolution reads:

That it is expedient to introduce a measure to amend the Atlantic Development Board Act to increase the number of members of the Atlantic development board from five to eleven; to establish as a separate account in the consolidated revenue fund an Atlantic development fund to which shall be credited the sum of one hundred million dollars to be used for the purpose of financing or assisting in financing programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available;—

I stress those words "which are not otherwise available" because it is not intended that the Atlantic development board, in the expenditure of the fund, will be doing things that would be done by any other agency of the government. It is not to substitute itself for the other programs of the government; it is to supplement them, and I think that point should be emphasized on every possible occasion.

—and to provide that the said act shall expire on the 24th day of January, 1969; and to provide further for certain changes in connection with the administration of the said act.

The hon. member for Royal asked whether the board was now functioning. Of course it is quite true the board is functioning. The board has been functioning, or at least has been in existence since January 24, and I cannot forbear—I do this in no partisan spirit, sir—I cannot forbear to remark that the legislation was passed by the previous parliament before Christmas, and it was one of the 17 items of legislation that the previous government was able to get passed in the first 60 days of that parliament.

An hon. Member: How many have you got now?

Mr. Pickersgill: There were 17 government measures passed in the first 60 days of that parliament, and that was when the opposition was supposed to be obstructing the government. I just draw attention to that fact, that there were 17 measures passed, and one of them was this measure which hon. gentlemen opposite have claimed was a very important one, and which I agree was a very important one. I think that parenthetical observation of mine is just a demonstration of how ridiculous are many of these observations that have been made from time to time about obstruction in the last parliament. Those 17 measures would

not have been passed in those 60 days without co-operation of the opposition, which was forthcoming.

Mr. Gregoire: On a point of order, Mr. Chairman, if the minister wants this resolution to be passed before ten o'clock I think the should come down to the subject.

Mr. Pickersgill: Well, so long as the hon. member for Lapointe will not ask me a hundred questions about it, I will try to get on with the subject very rapidly.

When the board was set up on January 24, which was over a month after the act passed, it was to set to work immediately. There has been a great deal of questioning in a good many minds as to what the relationship of the board, as it now exists, would be to the board as it is proposed to be enlarged and, in our opinion, strengthened. I think perhaps the best and simplest way I can explain that is to read a letter which I handed, after showing it to him, to the chairman of the board on May 23, 1963.

I told the chairman at the time I gave this letter to him that I intended to read it in parliament because I thought it would provide a very succinct explanation of the idea of the present administration as to how the existing board should function in the meantime, and how it would dovetail with the new arrangements that we were proposing to parliament, if those arrangements were accepted by parliament.

I was very anxious, as hon. members will see when I read the letter, to make sure any of the work the board had already embarked upon would not be interrupted pending the passage of the amending legislation. The letter reads:

May 23, 1963.

Brigadier Michael Wardell,
Chairman,
Atlantic Development Board,
Ottawa.

Dear Brigadier Wardell:

About a week ago, I told you I would advise you of the proposed amendments to the Atlantic Development Board Act as soon as my colleagues and I had reached a decision as to the form in which we proposed to recommend them to parliament.

This stage has now been reached and the appropriate resolution has already been placed on the order paper of the House of Commons.

There are two proposed amendments of a substantial character. One of these would establish an Atlantic development fund of one hundred million dollars. The board will have the responsibility of recommending the expenditure of this fund and of supervising such expenditures, but the final approval of each capital project rests with the government. The effective use of the fund will clearly require a close harmony of view between the government and the board and especially the chairman.

[Mr. Pickersgill.]

The other important amendment affects the membership of the board and the tenure of the members. There would be a normal tenure of three years with a provision for one renewal for a second term and with provision for staggering the initial appointments.—

Something that is quite normal in legislation of this kind.

—The four existing members of the board, apart from the chairman, would be continued in their membership by the amendment itself for one year and the present chairman would be continued for a period of two years as a member of the board. The chairman would, on the coming into force of the amending legislation, be appointed during pleasure from among the members of the board.

I would like particularly to stress the last paragraph:

Until the new legislation comes into effect it would be the hope of the government that the present board would continue to pursue any activities already undertaken and to initiate any new activities consistent with the spirit of the legislation exactly as they would have done had there been no change of government.

I may say, sir, that in proposing these amendments the government takes the view, which the previous government took in introducing the original legislation, that the board's main function is to stimulate the development of the Atlantic provinces through all kinds of existing agencies, federal, provincial, municipal, private and corporate in the Atlantic area. We believe that this is the more important of its two functions, but we indicated when we were in opposition, and we take the view now that we are in office, that the board should have at its disposal a fund which can be used to supplement its other activities.

The fund is not intended to be the sole means—even the sole means in a federal sense—of promoting development in the Atlantic provinces. I go on and say it is not intended to be the main means because it is my view that the activities of the Department of Transport, the Department of Public Works, the Department of Fisheries, the Department of Agriculture, the department of mines and, above all, of the new department of industry, will contribute mightily to that development.

What the Atlantic development board will do with its fund is to fill in the gaps, I hope; that is, do those things that none of these agencies has the specific function of doing and at the same time promote the development and emphasize the development which each of these agencies can make to the goal which I am sure all parties in the house share. I refer to the goal of bringing the level of income, the level of employment, the level of activity and the standard of living in the Atlantic provinces as rapidly as we can and as near as we can to the level in other

parts of the country. That is the objective, and I do not believe there is any quarrel with that objective—I am sure there is not —in any quarter of the house. I should be very surprised if there is.

I want to say, Mr. Chairman, that when we were in opposition we were critical of what we thought were some deficiencies in the legislation brought forward by the previous government. The hon. member for Victoria-Carleton will recall that on the day the membership of the board was announced in this house by him I rose at once and welcomed the prompt appointment of the board at that time, in January. I said we hoped they would get to work quickly and we wanted to do everything we could to see that their work was fruitful and effective. I hope that in introducing amendments which we believe will strengthen the board and will give the board an opportunity to take a direct initiative to do certain things that no other agency of the federal government is equipped to do as a part of its normal operations, we will have the same spirit of co-operation from the other side of the house that we tried to manifest once the legislation had been adopted and brought into force in January of this year.

There are a great many more things that I would like to say on the bill itself. However, I would prefer, if it were possible, to have the resolution adopted and to have hon. members see the provisions of the bill itself, so we may carry on the debate in the full knowledge of what it is the government is proposing to the house. For that reason, Mr. Chairman, I do not intend this evening to make any more extended observations.

Mr. Douglas: Mr. Chairman, may I ask the minister a question. Will any of the members of the board be full time; and if so, how many?

Mr. Pickersgill: It is not contemplated that there will be any full time members of the board. The present board has appointed a full time director and one or two other officers, and they have selected one or two consultants. But it is contemplated that the board will as far as possible employ existing agencies of government to carry on the work, even the work of spending the money in the fund, in order to avoid needless expenditure in building up another so-called department of government, or agency of government. It is felt the board should be more fully representative, and that is why we are adding to the membership. Perhaps I should have said this earlier. I think the hon. member for Burnaby-Coquitlam, if I remember rightly, and certainly some of his friends in the house in the last parliament suggested that the board should be more representative of the various industries and economic interests in the Atlantic provinces. We share that view fully. We do not think that a board of five members can be adequately representative of all those interests. It is in order to provide for a reasonable representation of the main economic interests that we are suggesting this increase in membership.

Mr. Douglas: Does this part time employment apply equally to the chairman?

Mr. Pickersgill: Yes.

Mr. Flemming (Victoria-Carleton): Mr. Chairman, before proceeding with some remarks I should like to ask the Secretary of State if he would comment on the fact that the resolution contains a declaration of intent, if you like, that the board shall cease to exist on January 24, 1969.

Mr. Pickersgill: I should really have mentioned that point in my explanation, Mr. Chairman. Hon. members will recall, I am sure, that the first forecast of this particular kind of measure was made in the report of the royal commission on Canada's economic prospects in 1957, a royal commission of which the chairman was my hon. friend the present Minister of Finance. It was recommended—and I believe I have the report among my documents here and perhaps at a later stage when I speak on the bill I will put the actual recommendation on the record—that a massive effort of capital investment be made with a view, not simply to adding a little each year to the capital structure but really to add rapidly to the capital structure in the Atlantic provinces with a view to raising the level of income. This was not with the idea of having a new, permanent agency of government, but really to take a big leap forward quickly. It is that concept that we are seeking to embody in this amendment. It is for that reason it was thought that a six year period would be an appropriate one.

I think I might just add this about it. It does seem to me that if there is a short period there will be an added incentive to do as much as possible in that period. If we find that really effective results are being obtained and that this technique has not completed the work at the end of six years, I feel quite sure that whatever government may be in office in this country at that time —and none of us can tell for sure what that government will be—they will not want to stop that advance. On the other hand, if this device does not work, there is no use having another piece of governmental machinery lying around. It is for that reason that after very careful consideration this six year period was picked.

Mr. Fairweather: Mr. Chairman, may I ask one other question related to this very interesting observation by the Secretary of State. Is $100 million in his view the massive assistance that is contemplated for the period? Is that the entire amount until January 24, 1969?

Mr. Pickersgill: No, it is not, Mr. Chairman. I thought I had made that point clear, but I think the hon. gentleman is quite right in suggesting that I should emphasize it. I think I used the phrase that this was to be a gap filler. I have mentioned various departments, and I probably did not mention all that I should have, because there are other projects and my hon. friend the Minister of Northern Affairs and National Resources, through the national parks and in other ways will, I hope, be contributing very materially to that capital investment in the Atlantic provinces, and it will not come out of this $100 million. Indeed, I have a lot of schemes for spending his money myself. I know that my hon. friend the Minister of Fisheries who has just returned from Newfoundland, where he has been to see the main fishing province of Canada, also has plans to contribute to the capital development of the Atlantic area.

I am hoping that as soon as the site of the world's fair is settled, my hon. friend, the Minister of Public Works will have an opportunity to make a tour of the coast of Newfoundland with me, especially the northeast coast, so that I can show him all the marine improvements which are necessary in order to accomplish something. I also have some plans for my hon. friend the Minister of Transport, but perhaps I have gone far enough to indicate to the hon. member for Royal that the $100 million is, in my view, a gap filler.

Mr. Muir (Cape Breton North and Victoria): I enjoyed the remarks of the minister but he has not fully clarified the situation in my mind. He mentions the sum of $100 million. Is this to be for one year, for two years, for a longer period, or for every year? All these other departments carry on with their work and we are looking forward to great decisions by them. Parks have been mentioned. Is the hon. gentleman including any of these works which would be carried on by the different departments as part of their duties? Surely we are to have $100 million over and above such sums. Will it be for the next six months, the next year, or two years, or six years?

Mr. Pickersgill: I had thought that would be clear, but I will be glad to repeat what I said. This $100 million, which is a capital fund and therefore is, of course, not for six months, is over and above the normal appropriation and it is intended to do things which in their normal course of operation the departments of the federal government would not be doing.

Mr. Muir (Cape Breton North and Victoria): Does the minister feel that this $100 million will give us this great leap forward of which he spoke? When will this leap forward begin, and how long will it carry on? Will it be over at the end of six years, say?

Mr. Pickersgill: I think the short answer is that $100 million is $100 million more than nothing. But to answer the question a little more fully, this $100 million is not intended in any way to be substituted for any other program. It is to be an addition to what would otherwise be done.

Mr. Coates: I wish to ask the minister one question. I was entranced by his kindly approach to the subject. He suggested in the last parliament that the Minister of National Revenue of that day was seducing the house in bringing forward a bill. I want to say the hon. gentleman is certainly proving to be a tremendous seducer himself. The minister has explained about the work of the different departments over and above the $100 million. What I should like to know is whether all these different departments are themselves going to inject a large extra amount of revenue into the Atlantic area as well. If not, all we end up with is $100 million, plus what we are getting today.

Mr. Pickersgill: I think the present government has given a good indication of what it intends to do in other ways. The hon. member was in the house the other day when we voted a slice of the new vote for the trans-Canada highway. The present government has already indicated that in the four Atlantic provinces it intends to pay 90 per cent of the cost of completing the trans-Canada highway. I think that is good evidence of the attitude of the present government toward capital development in the Atlantic provinces. I migh say that 90 per cent of this expenditure will in itself be a sizeable sum even in comparison with the $100 million for the Atlantic development fund. As the hon. member for Cumberland knows, as the hon. member for Pictou knows, and as the hon. member for Antigonish-Guysborough certainly knows, in their constituencies the trans-Canada highway could stand a great deal of improvement, and the sooner the better.

The Deputy Chairman: Order. There will be a number of opportunities for hon. members to ask questions but they will remember that a few moments ago I recognized the hon. member for Victoria-Carleton. I do so again.

Mr. Flemming (Victoria-Carleton): I had wanted to ask another question, myself. Do I understand from the Secretary of State that the government would be willing to delete that portion of the resolution having to do with the expiration of the board at the end of a certain period, that is, on January 24, 1969? Do I understand that the government would consider deleting that feature, if it seemed to be the feeling among hon. members that it should be done?

Mr. Pickersgill: As the hon. gentleman very well knows, we are at the resolution stage. The bill has not been introduced, and even after bills have been introduced governments have sometimes been known to make changes in them. I am not sure whether or not the hon. gentleman made one or two in the original bill.

If arguments were put forward in debate which I thought merited serious consideration, I would certainly be glad to bring them to the attention of my colleagues and I would not close the door on any reasonable suggestion for amendments, no matter from whatever quarter of the house it came.

Mr. Flemming (Victoria-Carleton): I take it, then, that even if it came from me it might be acceptable.

Mr. Pickersgill: The hon. gentleman knows that when we are not facing each other across the floor of the house there is no one whose suggestions I find more seductive.

An hon. Member: Better call it ten o'clock.

Mr. Flemming (Victoria-Carleton): I wonder, Mr. Chairman, if you would consider it appropriate to call it ten o'clock.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Churchill: May I ask the leader of the house what changes he proposes in the program for Tuesday?

Mr. Pickersgill: I do not propose any real changes from what was suggested on Friday. I indicated that the resolution respecting the Atlantic development board would be the second item of business for today, and we have got on to it, and I am grateful to hon. members for having let us make a start on this measure. We shall continue with it tomorrow and, I hope, get first reading of the bill, because I think it would be helpful to have the bill for study between now and the time when it could be taken up again after the budget debate.

I indicated on Friday that there would be two possibilities after that. One was the department of industry bill and the other the resolution preceding the measure respecting the Department of Agriculture. I think it will probably be more satisfactory to take the second reading of the department of industry bill, because we would probably want to start a fresh day on the Department of Agriculture measure, if we could. The department of industry has already been debated a great deal. However, should we get second reading and the committee stage of the department of industry through, then we would, perforce, start on the resolution respecting the Department of Agriculture. I hold out that bait to hon. gentlemen opposite. On Wednesday we shall begin the budget debate and carry on until it is completed.

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

HOUSE OF COMMONS

Tuesday, June 18, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. KNOWLES—APPOINTMENT OF TEMPORARY CONSULTANTS IN FINANCE DEPARTMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege that has to do with the relations between the executive and parliament and therefore is of concern to all members of this house.

On Friday last the Minister of Finance informed the house that certain gentlemen had been appointed on a temporary basis to the Department of Finance. The minister gave the number and date of the treasury board minute which was supposed to have effected these appointments.

Yesterday I asked the Minister of Finance if this treasury board minute, and another one, had been validated by order in council. He expressed the opinion that this had been done, but said he would look into it. My searches have revealed no such order in council. I was in communication again today, as is my right, with the privy council office, and I was informed then that there still are no orders in council supporting either of the treasury board minutes to which reference has now been made by the Minister of Finance.

My point of privilege, Mr. Speaker, is twofold. On the one hand, we were misled by the Minister of Finance when we were told that these gentlemen were appointed to the Department of Finance, because their appointments are completely irregular. On the other hand, we have a point of privilege in that a section of the Financial Administration Act has been violated. I refer, as I did yesterday, to section 5, subsection 2, of the Financial Administration Act which reads as follows:

> The governor in council may authorize the treasury board to exercise all or any of the powers other than powers of appointment—

May I repeat those words, which are very clear:

> —other than powers of appointment, of the governor in council under the Civil Service Act, the Civil Service Superannuation Act, the Defence Services Pension Act, and parts II to VI of the Royal Canadian Mounted Police Act.

It is very clear, Mr. Speaker, that one power the treasury board does not have, a power that cannot be given to it even by the governor in council, is the power of appointment; yet by treasury board minutes T.B. 610618 dated May 2, 1963 and T.B. 610952 dated May 17, 1963, first three and then a fourth person were presumably appointed to the Department of Finance on a temporary basis. In view of the fact that the treasury board had no such authority, and in view of the fact that appointments could only be made by the governor in council, this means that when these four gentlemen were working with the Minister of Finance on the budget they were not properly attached to the Department of Finance because the treasury board had no authority to make any such appointments.

As I have indicated, my point of privilege is twofold. First, we have been misled in being told that these gentlemen were attached, even temporarily, to the Department of Finance. Such was not the case. They were complete outsiders, just as anyone else might be, because their appointments were not regular.

The second aspect of my point of privilege is that just as in the last session the Financial Administration Act was misused—and hon. gentlemen now on the government side complained about its misuse—so it is now again being misused because the clear provisions against the treasury board making appointments have been violated.

If an order in council is now produced trying to make this validation retroactive it will not change the fact that during the time these gentlemen were assisting the Minister of Finance in the preparation of the budget they were complete outsiders.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, in the first place I certainly had no intention of misleading the house, nor do I think I did so. If I did I apologize, but I do not think I did.

The hon. member for Winnipeg North Centre asked me the other day what authority there was for the appointment of the special consultants in question. In my reply I said the treasury board minutes are submitted to council in the normal course, and I promised to look into the matter and to report what had actually taken place. Now, very little time has elapsed. I looked into the

matter this morning, and this is the answer I was going to give to my hon. friend on orders of the day.

The answer is that the special consultants were employed by service contract, approved by the treasury board, pursuant to the government contracts regulations. These government contracts regulations were themselves established by the governor in council under the authority of section 39 of the Financial Administration Act.

The government contracts regulations require that service contracts in excess of $1,000 be approved by the treasury board. I am informed by the secretary of the treasury board and by the solicitor in the Department of Finance that section 5(2) of the Financial Administration Act, to which my hon. friend referred, does not apply in these cases, and that no other authority was required other than the treasury board minutes referred to previously. I am informed that this is the practice that has been followed by successive governments for many years.

Mr. Knowles: Mr. Speaker, may I point out to the Minister of Finance that every previous statement he has made to the house about this matter has included the word "appointment". He has told us these gentlemen were "appointed" to the Department of Finance. Now he shifts his ground; now he plays with words and tells us they were employed under contracts of service. I suggest, Mr. Speaker, that this playing with words is not an answer to the affront to parliament.

Mr. Gordon: With great respect, Mr. Speaker—

An hon. Member: Resign.

Mr. Gordon: —I suggest it is the hon. member who is playing with words.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, on the question of privilege that has just been raised—

An hon. Member: Another forged letter?

Mr. Churchill: —on page 1200 of *Hansard* for June 14 the Minister of Finance is reported as saying:

> As I said in my statement, they were officials of the department; they were appointed by order in council—

If that is not misleading the house, in view of the statement just made by the hon. member for Winnipeg North Centre, I do not know what misleading the house is.

Some hon. Members: Shame.

Mr. Knowles: Mr. Speaker, will the Minister of Finance indicate to the house how, under section 39 of the Financial Administration Act which has to do only with contracts, persons can be engaged or appointed?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I suggest that if there is any doubt in the hon. member's mind about this matter, the Department of Justice be asked for an opinion—

Some hon. Members: Oh, oh.

Mr. Pearson: —on the legality of the appointments, and the opinion be tabled in the house.

(Translation):

PRIVILEGE

MR. TREMBLAY—EXPLANATION OF ARTICLE IN MAGAZINE "AGRICULTURE"

On the orders of the day:

Hon. Rene Tremblay (Minister without Portfolio): Mr. Speaker, the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), rising on a question of privilege, told the house yesterday about the publication, in a Montreal magazine, of a message bearing the signature of Rene Tremblay, minister of agriculture for eastern Canada.

I have been in touch with the Minister of Agriculture to find out what had happened. It is obviously by mistake that such a message was published. It was to be held back until the act regarding the department had been approved by the house and the office of the second minister of agriculture had been entrusted to me, as stated by the Prime Minister in a press release dated April 22, 1963, which read as follows:

> The government intends to ask parliament to approve the appointment of two ministers of agriculture, one for eastern Canada and the other for western Canada, and His Excellency has accepted and sanctioned the proposal that Mr. Tremblay, new Minister without Portfolio, become one of the two ministers of agriculture when covering legislation has been adopted.

If in your opinion, Mr. Speaker, such a message violates the privileges of the house, I beg you to accept my apologies.

NATIONAL DEFENCE

Mr. Maurice Sauve (Îles-de-la-Madeleine) presented the first report of the special committee on defence, and moved that the report be concurred in.

Motion agreed to.

(Text):

THE BUDGET

OUTSIDE ASSISTANCE—REQUEST FOR CONSIDERATION BY HOUSE COMMITTEE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would direct a question to

the Prime Minister and ask him whether, with a view to securing the facts connected with the extraordinary and dubious action of the Minister of Finance and the government in bypassing the highly trained officials of the Department of Finance and securing the services of persons outside the civil service in the drafting of the budget; and, in the light of the contemptuous disregard revealed today for the house when it asked for information, the right hon. gentleman would consider having a preliminary investigation made into the whole matter by submitting the question to a standing committee of the house or to a special committee to be set up for that purpose so that the minister and the said three persons and other witnesses might be called to give evidence, including the firms with which the three selected individuals are now, or have been, connected.

Right Hon. L. B. Pearson (Prime Minister): Notwithstanding the fact that the right hon. gentleman used adjectives in the course of his question which were altogether out of order and improper, we shall naturally give consideration to the suggestion he has made. Making that statement does not mean any decision has been taken by the government on this matter. I hope if the right hon. gentleman has any further questions to ask on this subject he will put them in a more proper way.

Mr. Diefenbaker: My question was put in perfectly proper language having regard to the contemptuous attitude shown by this government toward the house.

[*Later:*]

Hon. Walter L. Gordon (Minister of Finance): I wish to take this opportunity to reply to a question asked last night by the hon. member for Kootenay West. I should like to state I have now verified the fact that Mr. Anderson, Mr. Conway, Mr. O'Connell and Mr. Stanley were born in Canada and are Canadian citizens.

I should also like to take this opportunity to answer a question which was asked yesterday, I think it was, by the hon. member for Peace River with regard to the statutory authority for the administration of the oath of secrecy. I stated at the time that I would be glad to make inquiries and answer the hon. member's question today.

Section 66 of the Civil Service Act requires:

> —that "every deputy head and employee shall, before any remuneration is paid to him, take and subscribe the oath of allegiance and the oath set out in schedule B" (the oath of office and secrecy).

Section 75 of the same act states:

> The governor in council may authorize any person to administer oaths and take and receive affidavits, declarations and affirmations for any of the purposes of this act or the regulations.

Order in council P.C. 1680 of November 4, 1953 gave treasury board the power to authorize, on behalf of the governor in council, any person to administer oaths. In respect of the Department of Finance, treasury board minute T.B. 594178 dated March 22, 1962 authorized the personnel officer and the chief administrative officer to administer oaths for any of the purposes of the Civil Service Act.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the minister a supplementary question. How could these oaths be administered to these gentlemen if they were contractors rather than appointees?

Mr. Gordon: Mr. Speaker, the oaths were administered to these gentlemen. They took them, and as I have said before I have every confidence in their integrity and their honesty.

Mr. Douglas: A supplementary question. A few minutes ago the Prime Minister said that he was prepared to request a legal opinion as to whether persons could be appointed under section 39 of the Financial Administration Act.

Mr. Howard: Which provides only for contracts.

Mr. Douglas: This section, I understand, provides only for contracts for the purchase of goods.

Mr. Pearson: Mr. Speaker, my hon. friend is wrong on two counts. I did not make the statement he has indicated, and he is wrong about the act. I said we would be glad to get a legal opinion from the Department of Justice as to the legality of the appointments in question, a suggestion which seems to have been sneered at by the other side.

Mr. Douglas: I am now asking the Prime Minister whether he is prepared to secure a legal opinion as to whether under section 39 of the Financial Administration Act it is possible to make appointments such as those made by the Department of Finance.

Mr. Pearson: Mr. Speaker, I am prepared to ask for a legal opinion on this matter and to table it on the terms indicated by my hon. friend. Indeed, I am glad to go further than that.

Inquiries of the Ministry

FINANCE

SALES TAX ON BUILDING MATERIALS—APPLICATION TO CONTRACTS SIGNED BEFORE JUNE 14

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I should like to direct a question to the Minister of Finance. In view of the extreme hardship which has been imposed upon building contractors, manufacturers, and suppliers of building materials by the imposition of the 11 per cent sales tax on all building materials, will the minister give consideration either to the waiving or the refunding of the sales tax on all building materials involved in contracts let prior to midnight, June 13?

Hon. Walter L. Gordon (Minister of Finance): I thank the hon. gentleman for his courtesy in giving me notice of his question. Generous provision has already been made in paragraph 17 of the excise tax resolutions for relief for persons who are unable by reason of fixed price contracts signed before June 14 to add the amount of the tax in question to the selling price.

PROTESTS AGAINST APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I should like to address a question to the Minister of Finance. Yesterday in response to questions from various members the minister indicated that he had received telegrams from a number of builders' groups across the country outlining the dangerous effects on the building industry of the 11 per cent tax, and he said then that he hoped to be able to reply to all those today. Is the minister in a position now to so reply?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I meant that I would reply to the wires individually. When I went back to my office last night I asked for a draft to be prepared. It has not yet gone out.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Yesterday the minister said in connection with this matter that exemptions or rebates would be granted with regard to contracts entered into prior to June 14. Many of the companies who are sending telegrams are complaining that applications for rebates will present accounting problems. Would the minister give consideration to granting exemptions rather than rebates for completion of contracts which were entered into prior to June 14?

[Mr. Pearson.]

Mr. Gordon: I hesitate to raise the question of accounting skills and problems, but I do not seriously believe that this will create any great accounting problems.

(Translation):

Mr. Gilles Gregoire (Lapointe): A supplementary question, Mr. Speaker. As the Minister of Finance intends to answer personally the telegram of protest, can I send him the telegram of the Saguenay house builders' association, in order that he may answer both at the same time?

(Text):

Mr. Gordon: If he wishes to, Mr. Speaker.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, yesterday I asked the Minister of Finance a question in connection with this matter, and pointed out that very strong representations were being made by building organizations across the country as to the very detrimental effect of the application of the sales tax on building materials. As found on page 1244 of *Hansard* I concluded with these words:

> If so, is he now giving consideration to withdrawing the measure?

In the course of his reply the minister said that he had not personally received the telegrams and went on to say:

> At that time I will be able to decide what course of action should be taken.

In view of the very widespread nature of the objections being taken and the very cogent arguments that the application of the sales tax on building materials will have the effect of reducing building and reducing employment, has the minister given final consideration to whether he intends to pursue this detrimental course?

Mr. Gordon: I was not too clear whether that was an argument, a speech or a question.

Mr. Diefenbaker: It was not an order in council, anyway.

Mr. Gordon: However, the proposals presented in the budget on this matter were designed for a variety of excellent reasons, and there is no suggestion of changing them.

[*Later:*]

Mr. P. V. Noble (Grey North): May I ask the Minister of Finance if he will agree to accept another telegram, one which came from the builders of the Grey North society back home, and give it the same treatment as the others he has on his desk?

PROTESTS RESPECTING IMPOSITION OF SECURITIES TAX

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for

the Minister of Finance. Did the Minister of Finance receive from executives of the Montreal, Toronto and Vancouver stock exchanges representations protesting against, and demanding clarification of, the 30 per cent securities tax included in the budget speech and, if so, what action does the minister intend to take in this regard?

Hon. Walter L. Gordon (Minister of Finance): Yes, Mr. Speaker, in answer to the first part of the question. To the second part of the question may I say that the budget proposals will be debated starting tomorrow and, as far as the government is concerned, we propose to go ahead with that tax.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to ask a supplementary question. Could the Minister of Finance tell us whether he is going to meet with the president of the Montreal stock exchange, Mr. Kierans, who expressed that desire?

(Text):

Hon. Walter L. Gordon (Minister of Finance): Yes, Mr. Speaker; at 5.30 this afternoon.

(Translation):

Mr. Gilles Gregoire (Lapointe): A supplementary question, Mr. Speaker. Would it not be wise to warn the finance minister against the false theories of the president of the Montreal stock exchange?

(Text):

Mr. Speaker: Order. The hon. member well knows that is not the type of question that we enjoy at this time.

(Translation):

Mr. Gregoire: Mr. Speaker, since the Minister of Finance said earlier that he would meet with Mr. Eric Kierans at 5.30 p.m. today, and in view of the fact that Mr. Kierans is seeking to have abolished the 30 per cent tax on sale of Canadian shares to foreign interests, could the minister tell us whether he is ready to confer with any individual who would like to make representations about the present budget, or whether he only welcomes those who come to protect substantial foreign interests?

(Text):

Mr. Gordon: I have been receiving representations from anybody who wanted to see me over the last two months to the extent of the time available and I shall be glad to continue that practice.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): A supplementary question, Mr. Speaker. Would the Minister of Finance be willing to confer with Mr. Lesage if the latter expressed such a wish?

Mr. Gregoire: A further question, Mr. Speaker. Could the Minister of Finance tell us whether other persons interested in the present budget have asked to meet with the minister?

(Text):

Mr. Gordon: Plenty of them, Mr. Speaker.

(Translation):

Mr. Gregoire: Mr. Speaker, may I put a supplementary question—

(Text):

Mr. Speaker: Order. I have tried to be generous to the hon. member, but I do think the wishes and time of other members in the house should be considered.

INQUIRY AS TO TAX ON MANAGEMENT FEES

On the orders of the day:

Mr. H. M. Horner (Jasper-Edson): Mr. Speaker, I would like to direct a question to the Minister of Finance. I wonder whether the minister could tell the house how many management consultant firms there are in Canada, what revenue he expects from the taxes on the help that was coming from the United States consultant firms—

Some hon. Members: Order.

Mr. Horner (Jasper-Edson): —and whether he will extend this privilege to other companies in Canada which are providing a similar service?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I presume that the hon. member is referring to the proposed tax—

Mr. Horner (Jasper-Edson): Section 12.

Mr. Gordon: —on management fees. That does not include fees paid to outside consultants.

Mr. Horner (Jasper-Edson): I was referring to those in the United States.

(Translation):

DOMINION-PROVINCIAL RELATIONS

QUEBEC—REQUEST FOR DELAY IN CONVENING CONFERENCE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the Prime Minister's answer to a question asked yesterday by the hon. member for Royal, could the Prime Minister tell the house whether he has accepted Mr. Lesage's request to delay the enactment of the municipal loan fund legislation until it has been examined by a federal-provincial conference?

Inquiries of the Ministry

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in reply, the letter from the prime minister of Quebec is now under consideration.

CANADIAN BROADCASTING CORPORATION

ELIMINATION FROM TELEVISION INTERVIEW OF REFERENCE TO SMOKING

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to direct to the Secretary of State. Some of us saw last night an interview with the Minister of National Health and Welfare being filmed for the C.B.C., in which a C.B.C. reporter said that he too was definitely going to stop smoking. That statement did not appear on the national T.V. news. My question is, Mr. Speaker, was this omission or deletion due to concern by the network over the possible reaction of cigarette advertisers?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I do not imagine that the hon. member for New Westminster, having regard to the views about broadcasting, which have been expressed by the members of his party over the years, would expect a minister of the crown to be a censor of news broadcasts of the C.B.C., but I will be very glad to direct the question to the attention of the C.B.C. and no doubt they will be willing to take proper note of it.

(Translation):

INQUIRY OF THE MINISTRY

ELECTION RESULTS IN ALBERTA

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I should like to address a question to the right hon. Prime Minister. Has he noticed that all Social Crediters here present are wearing a green boutonniere? If so, does he know that it is a symbol of the overwhelming victory of the Social Credit in Alberta?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have noticed that, and I am surprised that some of them have not turned red.

POWER

COLUMBIA RIVER—ESTIMATED COST OF HIGH ARROW DAM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to ask the Minister of Northern Affairs and National Resources if he can unveil a mystery concealed to date by the water resources branch. In view of national interest in the development and renegotiation of the Columbia river treaty and the particular interest in the technical details on the part of numerous engineers and technical people, can the minister inform the house of the latest official estimate with respect to the construction of the high Arrow dam and all related costs?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, some information with regard to the cost estimates for the high Arrow dam and other Columbia treaty projects was supplied in a reply to question No. 875 in the last session of parliament, and appears in *Hansard* for December 3, 1962 at pages 2226 and 2227. The answer was given by the then minister of this department, the present member for Brandon-Souris, in reply to a question asked by the hon. member for Coast-Capilano. I might tell the hon. member that within our department we have no official estimates that would in any way alter the figures then supplied.

PEACE RIVER—APPLICATION FOR CONSTRUCTION OF DAM

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the Minister of Public Works if he is in a position yet to answer the question I asked on Friday last with regard to the Peace river dam, to which he said he would reply yesterday.

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I was about to answer this question. On Friday the hon. member for Peace River asked if an official application under the Navigable Waters Protection Act for leave to proceed with the Peace river dam had been received by my department. The answer to this question is no.

In reply to the second part of the question, I pointed out the other day that this was a hypothetical question. However, if it should occur, the act provides for a 30 day public advertising period by the applicant of intent to apply to the minister for approval of plan and site. Any objections or representations received during this period would be thoroughly investigated.

Mr. Baldwin: A supplementary question, Mr. Speaker. In view of the fact that work is actively proceeding on this project, would the minister seek advice from the Minister of Justice to ascertain whether this work is proceeding in contravention of the act and, if so, would he consider taking suitable action?

Mr. Deschatelets: Mr. Speaker, I am informed that the matter has already been referred to the Department of Justice for an opinion.

FORESTRY

CAPE BRETON—INQUIRY AS TO IMPROVEMENT PROGRAM

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I have a question for the Minister of Forestry. In view of the urgency of putting men to work, can the minister advise whether an agreement has yet been reached between the Department of Forestry and the government of Nova Scotia in regard to the forest stand improvement program in Cape Breton?

Hon. J. R. Nicholson (Minister of Forestry): Mr. Speaker, I thank the hon. member for having given me notice of his question. Technically I could answer by saying no, but I think a word of explanation is in order. There has been a useful and constructive exchange of ideas between officials of my department and the department of lands in Nova Scotia. Conclusions have been reached, and as other departments of government are affected these conclusions are being studied. I hope to be able to make an announcement at a very early date.

TRADE

RUSSIA—INQUIRY AS TO RENEGOTIATION OF TREATY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Have any difficulties arisen in the renegotiation of the trade treaty between Canada and the Union of Soviet Socialist Republics?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, as the hon. gentleman is probably aware, this treaty expired during the term of the previous government. It was extended at that time, and the extension continues in effect.

RED CHINA—REQUEST FOR STATEMENT ON NEGOTIATIONS

On the orders of the day:

Mr. E. Nasserden (Rosthern): I should like to direct a question to the Minister of Trade and Commerce. Has he a statement ready for the house on the negotiations with China concerning grain sales, or can we expect one in a few days?

Hon. Mitchell Sharp (Minister of Trade and Commerce): As the hon. gentleman knows, and I know the former minister of agriculture knows very well, these negotiations with China are carried on by the wheat board. All contracts with China are signed by the wheat board.

I just want to say that these negotiations are now proceeding. I am sure it is the wish of all hon. members that we should sell as much wheat to China as is possible on the best possible terms, and that being so I really think it would be inappropriate for me to discuss the terms that are now under negotiation.

Hon. Alvin Hamilton (Qu'Appelle): Following that answer by the minister, I should like to ask him whether he, on behalf of the government, has still the same policy about making public contracts signed by the Canadian wheat board.

Mr. Sharp: Yes, Mr. Speaker, I think it would probably be inadvisable to reveal these contracts, because that might interfere with negotiations for sales.

Mr. Churchill: Tell that to your colleagues.

Mr. Sharp: But I do believe, sir, that it should be possible, after the contracts have been made, to reveal as much information as would not in any way inhibit the activities of the wheat board or their successful negotiations.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the minister how soon he hopes to be able to announce whether the balance of the contract which expires at the end of this year for sales of wheat to China will be filled?

Mr. Sharp: Although the terms of the contract have not been revealed to this house, there has been enough information made available in one way or another to indicate that the minimum quantities China had undertaken to buy have now been purchased.

Mr. Douglas: There are still, however, some 40 million bushels of wheat, 20 million bushels of barley, and 1½ million bushels of wheat flour which could be sold under that agreement within this year. Is there any announcement likely to be made regarding that sale in the near future?

Mr. Sharp: Well, Mr. Speaker, I think it is possible to sell a good deal more wheat than that to China. What the hon. member is referring to are the maximum quantities. The undertaking of the Chinese government to purchase has been fulfilled. We will be doing our best to sell as much wheat and as much flour as we possibly can.

Mr. Nicholas Mandziuk (Marquette): May I ask the minister what concessions the government of the day is making to the Chinese people's republic in order to induce them to continue with this wheat purchase contract?

Inquiries of the Ministry

Mr. Sharp: No concessions have been made, because we have not yet entered into any new contracts.

Mr. Mandziuk: May I ask another supplementary question. Have the Chinese asked that Canada accept more Chinese textiles and rubber goods, as reported in the newspapers?

Mr. Sharp: As I said in answer to the first question, I really do not believe it will assist Canada to sell wheat to China if I discuss, in the course of negotiations, the particular positions that the respective parties have taken.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO IMPLEMENTATION OF MASTER AGENCY PLAN

On the orders of the day:

Mr. H. M. Horner (Jasper-Edson): As a member from the province that recently elected a Social Credit government on the admission that they were sorry they had helped to defeat the Conservative government in Ottawa, may I direct a question to the Minister of Transport which is concerning a lot of us right across the country. Has the minister had any discussions with Canadian National concerning the master agency plan, which will cause so much economic hardship in the small communities across Canada?

Hon. G. J. McIlraith (Minister of Transport): The answer to the first part of the question is yes.

Mr. Horner (Jasper-Edson): May I ask a supplementary question, Mr. Speaker. Will the minister ask the Canadian National to withhold the implementation of this master agency plan until after the select committee has met and discussed this matter with the officials of the Canadian National?

Mr. McIlraith: I would want to give that matter some consideration because, as the hon. member probably does not know, at the start of this session I put forward a proposal that membership of the standing committee on railways, canals and telegraph lines be reduced to the same number that is usually decided upon for the select committee established each year. This proposal, for one reason or another, was not acceptable to the opposition, and this is of course a matter for them. I did indicate at that time that there was a great deal of business to be referred to the committee, and I had given some outline of what it was.

Now, that course not having been followed, and there being a tremendous amount of business now before the house, I am not sure whether the matter could properly and appropriately be delayed until there is an opportunity to set up a committee to deal with these matters. In any event I will take this suggestion under consideration.

Mr. Horner (Jasper-Edson): May I ask a further supplementary question. Can the minister tell us when we can expect the select committee on railways and steamships to be set up?

Mr. McIlraith: The short answer to that would have to be no, but perhaps that is too short an answer. As I indicated, the scheme I had put forward was not agreeable to the opposition. It is in the hands of the opposition.

TRANS-CANADA AIR LINES

WINNIPEG MAINTENANCE BASE—REQUEST FOR COPIES OF REPORT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. I hope the government will not faint if, before I put my question, I extend congratulations to the government on the reception accorded this morning to the delegation from Manitoba with respect to the retention of the T.C.A. maintenance and overhaul base at Winnipeg. I am sure all members from Manitoba appreciated the attendance of the Prime Minister and the members of the cabinet forming the subcommittee on transport. The Prime Minister's statement was also most welcome.

I should like to ask the Minister of Transport if he has been able to ascertain, since this morning, whether it would be possible to make available to those concerned the report of R. Dixon Speas and Associates, when it is obtained?

Hon. G. J. McIlraith (Minister of Transport): No; I regret that I have not had an opportunity of considering the matter further since this morning.

INCOME TAX

OIL AND GAS—DEDUCTION OF DRILLING AND EXPLORATION EXPENSES

On the orders of the day:

Mr. J. H. Horner (Acadia): I should like to direct a question to the Minister of Finance which arises out of a statement in an article in the Toronto *Globe and Mail* of Friday, June 14, to the effect that oil and gas pipe line companies will be allowed to deduct from income expenses incurred in drilling for

oil and gas. This proposal would be backdated to April 10, 1962, according to the newspaper statement. Is this true?

Hon. Walter L. Gordon (Minister of Finance): This provision, Mr. Speaker, is set out in paragraph 4 of the income tax regulations on pipe line companies and exploration extensions. The proposal that companies whose principal business is operating a pipe line be allowed to deduct drilling and exploration expenses is a logical extension or rounding out of provisions in the Income Tax Act concerning the deduction of exploration expenses. Some of these existing provisions of the act have been there for many years; others were added only last year.

In 1947 provisions providing tax credits on account of exploration and drilling expenses were changed to the present method of allowing these expenses as a deduction from income. Since that time this right of oil and gas companies to deduct exploration and drilling expenses has been gradually broadened.

In March, 1957 a change was announced, effective for 1957 and subsequent years, which permitted companies whose principal business is processing mineral ores for the purpose of recovering metals therefrom, or processing metals from the ores so processed, to deduct all expenses incurred in searching for minerals in Canada or exploring or drilling for petroleum or natural gas in Canada. The purpose of this amendment was to permit companies engaged in processing ores into metals, such as steel companies, to deduct the cost of exploring for supplies of the raw materials used in their business.

In June, 1961 the budget speech announced an extension of this provision to include companies whose principal business is fabricating metals. This permitted companies that take prime metal, such as copper, and manufacture or process it into finished goods to deduct the expenses of exploring for minerals or oil or gas in Canada.

In April, 1962 the budget speech announced further concessions for the oil and gas industry and for those interested in exploring for oil, gas or minerals. These concessions included a provision which permitted any individual or company to deduct expenses incurred in drilling or exploring for oil or gas in Canada from the income of that person from the operation of an oil or gas well in Canada. These concessions were made available to all individuals whether or not they were residents of Canada, and to all companies irrespective of any degree of Canadian ownership or control. These 1962 concessions probably benefited foreign owned and controlled companies to a much greater extent than Canadians.

In May, 1963 representatives of six pipe line companies made representations to the government urging that pipe line companies be allowed to deduct from income the expenses they incurred in drilling and exploring for oil and gas reserves in Canada. At this meeting I was represented by Mr. Benson, parliamentary secretary to the Department of Finance, and a permanent official of the department.

These companies already were permitted under the 1962 legislation to deduct exploration and drilling expenses from any income they had from the operation of an oil or gas well in Canada, or from royalties in respect of an oil or gas well, but they pointed out that they had very little such income. They also pointed out that the existing law denied the same right of deduction as oil and gas companies only because of a technical interpretation of the law which held that transportation of oil or gas did not qualify as marketing of these products.

It was pointed out on behalf of these companies that they are virtually dependant upon a supply of oil and gas to keep them in business, and it was represented that they had as good a reason to be allowed to deduct the cost of hunting for the raw materials upon which their business is based as companies engaged in fabricating metals.

These representations appeared to the government to be reasonable and worthy of favourable action. Most important of all was the fact that the majority of the companies to benefit from this further concession would be Canadian residents, and have a high degree of Canadian ownership.

The representations made in writing by the pipe line companies did not ask that any legislation be retroactive, and so far as those who represented the government at the meeting can recall this matter was not discussed. It was the general understanding that the companies were looking forward to the deduction of expenses they planned to make in the future and that they had no expenses incurred in the past which they hoped to be able to deduct. The decision to have the proposed amendment date from April 10, 1962 was made following a recommendation made entirely on technical grounds by those engaged in drafting the resolution.

Because of the nature of the extensive amendments made in 1962 to section 838A of the Income Tax Act to implement the 1962

budget proposals related to the oil and gas industry, it was necessary to divide exploration and drilling expenses into those incurred before April 10, 1962 and those incurred after that date. The division is made in subsections 3, 3b, 3c, 3d, 4a, 4b, 4c, 5a, 5b, 5c, and 6a of section 83A. It was believed that to add a new date from which exploration and drilling expenses would be measured would seriously complicate an already complex section of the Income Tax Act. For this reason, and for this reason only, paragraph 4 of the income tax resolution proposes that the change related to pipe line companies date from April 10, 1962.

Mr. J. H. Horner (Acadia): I appreciate the minister's interest in the oil industry and pipe line companies and, as a supplementary question, could he tell the house the names of the six companies which made representations in this regard?

Mr. Gordon: I will be glad to do that, but I will have to get the names.

[*Later:*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I have a further supplementary question to that asked by the hon. member for Acadia. When the minister is giving a list of those who were present would he advise whether Mr. D. C. A. Stanley was also present on that occasion?

Mr. Gordon: Yes, I certainly will.

[*Later:*]

Mr. Gordon: If I may reply now to the question put by the right hon. Leader of the Opposition, I am informed by Mr. Benson, who conducted these discussions, that Mr. Stanley was not present.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I would like to follow the line of questioning that the hon. member for Acadia started with a question to the Minister of Finance. Has any action been taken to deal with the national energy board to ensure, once you give this new right to the pipe line companies, that the right of ordinary producers of gas to these pipe lines as an ordinary common carrier is protected?

Mr. Gordon: Mr. Speaker, I will be glad to look into it and answer the question when this matter is up for debate.

NATIONAL DEFENCE

NUCLEAR COMMITMENT—STATEMENT ON REQUEST FOR DOCUMENTS

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I wish to give the government's answer to the motion which appeared on the order paper of Wednesday, June 5, 1963 in the name of the hon. member for Winnipeg North Centre (Mr. Knowles), and the reservation thereto.

In accordance with the undertaking given, without commitment, in the house to give careful consideration to the request of the hon. member for Winnipeg North Centre and others, the government has re-examined the documentation in question. As a result the conclusion has been reached that the answer originally given must stand, namely that the documents relate to the security of the state and to that of allied countries and cannot be produced in whole or in part without prejudice to national and allied safety.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs arising out of the remarks he just made? Will the government consider permitting the special committee on defence, perhaps in camera, to examine these documents so that members of this house can determine for all of us whether or not the commitments and the documents referred to actually exist?

Mr. Martin (Essex East): Mr. Speaker, I cannot add anything to what I have already said.

Mr. Knowles: A supplementary question, Mr. Speaker. In view of the fact that the house is left with privy councillors on both sides of the chamber saying opposite things, how are we going to find out, as members of this house, what is the truth?

Mr. Martin (Essex East): Mr. Speaker, may I say to my hon. friend that the answer to his question is clear. That is, to do what the Canadian people will do, that is, to accept the statement of the government.

Some hon. Members: Oh, oh.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I think the hon. gentleman should not get into the field of fiction when we are trying to obtain information.

Mr. Martin (Essex East): Mr. Speaker, I thank the prime minister—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —of the period before the last general election—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —but if he has any doubt about the correctness of my reply a few moments ago to the hon. member for

Winnipeg North Centre, perhaps the Leader of the Opposition would consult the former minister of national defence.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. The house passed a motion to table these documents. The minister at the time indicated there would be a possibility of taking extracts from the documents and tabling them. Now he tells us that he cannot even table the extracts or a summary of them. I think, far from the Canadian people accepting this, they will come to the conclusion which many of the rest of us are being forced to come to, namely that these documents are non-existent.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): Mr. Speaker, since you have allowed the hon. gentleman to make his observations and I do not quarrel with this, perhaps I may be permitted to say in reply that the motion was accepted by this house without any commitment being made, there being added to the motion a reservation that the request made by hon. gentlemen opposite would be looked into. That request has been looked into and the government, on its responsibility, now affirms that it is not in the interests of the security of the state to divulge this information. Under our practice, and having in mind the interests of this nation, I believe that answer must be accepted.

Mr. Douglas: A supplementary question, Mr. Speaker. That does not apply to the defence committee—

Mr. Speaker: Order. I must remind the hon. member that his line of questioning is taking the form of a debate, and this is the question period. I think we have gone far enough. The hon. member has had a long answer from the Secretary of State for External Affairs, and I think the matter should be left there.

Mr. Douglas: Mr. Speaker, I wish to direct a question to the Prime Minister. Would he consider having extracts of these documents submitted to the defence committee in camera, if the committee decides that is the best way to have these documents examined?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will not do anything which will violate my oath of secrecy, the security of the state or the inviolability of cabinet conclusions.

(Translation):

HOUSING

SUGGESTED WITHDRAWAL OF SUBSIDY AND TAX

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I wish to direct a question to the Minister of Labour. In view of the new complications arising from the budget, does the minister intend to withdraw his offer of a $500 subsidy in exchange for the withdrawal of the 11 per cent tax on building materials, with a view to reducing the administrative and collection costs of taxes which fall on the shoulders of the Canadian citizens? Giving with one hand and taking away with the other; why not take everything away?

(Text):

Mr. Horner (Jasper-Edson): You voted for it.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the particular incentive payment to which my hon. friend refers is intended to encourage winter construction of houses, and nothing has happened since the original announcement was made to alter that particular objective.

Mr. Horner (Jasper-Edson): It will cost twice as much.

(Translation):

Mr. Gilles Gregoire (Lapointe): A supplementary question, Mr. Speaker. Can the Minister of Labour tell the house approximately how much that subsidy of $500 will cost the present government for the building of houses in winter?

(Text):

Mr. MacEachen: It certainly will depend on the response to the incentive payment and the number of houses that will qualify.

(Translation):

Mr. Gregoire: A supplementary question, Mr. Speaker. Does the Minister of Labour or the Minister of Finance expect that the cost of the $500 subsidy for home construction will exceed the $170 million which the Minister of Finance expects to gather from the tax on building materials? Which one will be higher?

(Text):

Mr. Horner (Jasper-Edson): You voted for it.

Mr. Gregoire: No answer?

Mr. MacEachen: If the hon. gentleman insists on an answer he can make ordinary calculations and discover the total cost of this winter incentive program by multiplying the $500 by his estimate of the response to the program.

Inquiries of the Ministry

(Translation):

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Minister of Labour. With respect to the subsidy of $500 for the building of houses during the winter, is the minister aware that it may cost up to $2,000 more to build during the winter season?

WORLD FAIR

COST OF CREATING ISLAND FOR SITE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, could I ask a question of the Minister of Public Works, who is responsible for the world fair? Could the minister inform the house whether the works on Notre Dame island will amount to approximately $80 million or whether that is merely a figure that has been arrived at by engineers and architects?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, the question should be directed to His Worship Mayor Jean Drapeau since the city of Montreal has taken upon itself to provide an island within a year and to bear the cost of all related works.

(Text):

TRANSPORT

TORONTO-OTTAWA—REMOVAL OF SLEEPING CARS

On the orders of the day:

Mr. L. E. Cardiff (Huron): Mr. Speaker, I wish to direct a question to the Minister of Transport. In view of the fact that the general public is having difficulty obtaining sleeping accommodation between Toronto and Ottawa, I wonder whether the minister could tell the house why they took two sleeping cars off that pool train.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I was unaware of that having been done, but I will bring this matter to the attention of the railway concerned and obtain the information.

TRANS-CANADA HIGHWAY

B.C.—DESIGNATION OF NO. 3 HIGHWAY AS PART OF SOUTHERN ROUTE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Public Works. In view of the eulogies being showered on the head of the Prime Minister by the premier of British Columbia, I do so in a very hopeful mood. Has the government of British Columbia requested the federal government to designate B.C. highway No. 3 as a section of the southern trans-Canada highway. Also, have any discussions been held by the minister or officials of his department with any minister or officials of the government of British Columbia with respect to this proposal?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I would first of all thank the hon. member for having given me notice of his question. The answer is that the province of British Columbia has for several years been requesting federal participation in the cost of constructing highways other than the present trans-Canada highway. However, no provincial government request to designate No. 3 highway as a southern trans-Canada highway has been received. Therefore the answer is no.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): I wish to direct a supplementary question to the Minister of Public Works, one which I overlooked asking at the time he replied to my question. Can the minister inform the house whether any arrangement has been made, or whether he has made any arrangement, to meet any minister of the government of British Columbia with respect to highway problems?

Mr. Deschatelets: Not yet, but it is my intention to make arrangements for a meeting in the very near future.

HOUSE OF COMMONS

REQUEST FOR CLARIFICATION OF VOTE ON JUNE 17

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I wish to raise a point of order with regard to the *Journals* of the house in order that a matter which has already been drawn to Your Honour's attention may be cleared up. The *Journals* are in conflict with *Hansard* with regard to the vote which took place yesterday. As will be seen from page 1240 of *Hansard* for yesterday, Mr. Speaker made two rulings. With regard to one of Your Honour's rulings the hon. member for Burnaby-Coquitlam (Mr. Douglas) appealed. I refer to the ruling that there was no urgency of debate with regard to the matter then before the house. Subsequently Mr. Speaker said:

> —I refer hon. members to a ruling made by my immediate predecessor on January 31, 1963, which appears at page 3297 of *Hansard*. Therefore, I am making a similar ruling.

If one looks back to January 31 of this year one sees that a very similar type of motion and discussion was being dealt with. The question put by Mr. Speaker, as the *Journals* for that period state on page 462, was this:

Shall the decision of the Chair, on the appeal to the house of the hon. member for Essex East (Mr. Martin), be sustained?

The hon. member for Essex East appealed to the house from the ruling that there could be no appeal from a ruling by the Chair under standing order 26.

I do not wish to labour the point, but the *Journals* do not indicate the subject matter on which the house made its decision. I myself thought it was similar to the point raised by the hon. member for Essex East last session. I wonder whether Your Honour could clear that up for the record.

Mr. Speaker: In reply to the hon. member may I say at the outset, especially with regard to this final point, that the *Journals* reflect what took place in the house yesterday. However, I realize the general interest in this matter and I should like to make a short statement which I hope will be of interest and of use to the house.

It has come to my attention, especially through the hon. member who has just spoken, that some doubt has arisen with respect to the terms of the question upon which the house divided yesterday. Obviously we cannot turn back and alter any proceedings that took place yesterday, nor should any discussion in relation thereto be permitted at this time. However, as mentioned in paragraph 4, citation 70 of Beauchesne's fourth edition:

A point of order against procedure must be raised before the question has passed to a stage at which the objection would be out of place.

And further on, standing order 35 states:

No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

However, by consent of the house I could say a few words in an effort to dissolve any confusion with regard to yesterday's proceedings which may now exist in the minds of some hon. members; that is, if the house so desires.

Yesterday, as hon. members will recall, the right hon. Leader of the Opposition asked leave to move the adjournment of the house under standing order 26 and stated the matter which he proposed for discussion.

A discussion then arose with regard to the urgency of the matter to be discussed. After contributions from several hon. members the Chair decided, in effect, that, as the matter could be discussed and voted upon in the course of the budget debate which would begin Wednesday next, the proposal was not a matter of urgency of debate under the terms of standing order 26 as understood and accepted by the practice of this house.

At this point in the proceedings the following is recorded at page 1240 of yesterday's *Hansard*:

Mr. Douglas: I must regretfully appeal from your ruling.

Mr. Speaker: Before the ruling is appealed, may I make one further short comment? My predecessors have many times in the past expressed the view that there is no appeal of a decision taken by the Speaker under standing order 26.

In this regard, I refer hon. members to a ruling made by my immediate predecessor on January 31, 1963, which appears at page 3297 of *Hansard*. Therefore, I am making a similar ruling.

It is at this stage in the proceedings that the difficulty arises.

It was my opinion that I had given a second ruling, namely, that there was no appeal of a decision taken by the Speaker under standing order 26. The hon. member for Winnipeg North Centre, as recorded at page 1240 of *Hansard*, then used the following words:

That ruling to which you have just referred, Mr. Speaker, was reversed by a vote of the house, and I submit that a decision of the house stands over the decision which was made by Mr. Speaker Lambert.

Since it is a well established rule that no debate is permitted on any ruling, the Chair interpreted the interposition of the hon. member for Winnipeg North Centre as an appeal to the house from the second ruling.

It would appear to me that, in effect, the house yesterday was confirming a ruling that there could be no appeal of a decision taken by Mr. Speaker under standing order 26 and that such a decision of the house would be valid for the duration of the current session. However, in putting the question to the house the Chair stated that the appeal was from the hon. member for Burnaby-Coquitlam, and thereby hangs our difficulty.

Some hon. members may feel that they might have voted otherwise had the question been stated in other terms and, in reviewing the records, there may be justification for the taking of that position. Notwithstanding the fact that it is not open to the Chair or to any other member to review, alter or even to interpret any prior proceedings, I would like however to proffer a suggestion for the consideration of the house at this time. Since the question, as put from the Chair, may have been interpreted differently, it is my suggestion that yesterday's vote be considered as not being binding should a similar situation arise later in this session.

Mr. R. N. Thompson (Red Deer): Are we to interpret your remarks then, Mr. Speaker, as meaning that the division yesterday was taken upon the second aspect of the matter rather than on the original one as to the urgency of the question?

Mr. Speaker: Perhaps I might suggest to the hon. member that he read the statement I have just made. I think the situation would then be clear. I do not think it would serve any purpose at this time to make a further explanation.

LABOUR RELATIONS

NORRIS COMMISSION—INQUIRY AS TO REPORT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Labour and ask him what the hold-up is in providing us with the report of the commission of inquiry into certain labour troubles on the great lakes.

Hon. A. J. MacEachen (Minister of Labour): The short answer to that question is that the delay stems from the fact that Mr. Justice Norris has not yet delivered the report to the Minister of Labour. It had been my information, based on a conference between the officials of the department and Mr. Justice Norris some two weeks ago, that the report would be available at an early date, but the latest information I have is that the report is not ready and the judge is still working on it.

Mr. Fisher: Does the minister intend to make himself privy to the report when it is presented in order to be in a position to initiate legislation or take regulatory action before the report is actually distributed to us from the printers?

Mr. MacEachen: I will take that matter under consideration when the time comes for the judge to present the report to the Department of Labour.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

The house resumed from Monday, June 17, consideration in committee of the following resolution—Mr. Pickersgill—Mr. Lamoureux in the chair:

That it is expedient to introduce a measure to amend the Atlantic Development Board Act to increase the number of members of the Atlantic development board from five to eleven; to establish as a separate account in the consolidated revenue fund an Atlantic development fund to which shall be credited the sum of one hundred million dollars to be used for the purpose of financing or assisting in financing programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available; and to provide that the said act shall expire on the 24th day of January, 1969; and to provide further for certain changes in connection with the administration of the said act.

[Mr. Thompson.]

The Chairman: Order. House again in committee of the whole on a certain proposed resolution to amend the Atlantic Development Board Act. Shall the resolution carry?

Mr. Flemming (Victoria-Carleton): Mr. Chairman, the resolution now before the committee is one in which we who are here representing various communities in the Atlantic provinces have a great deal of interest. It was my understanding—

Mr. Pickersgill: Mr. Chairman, I am afraid I am finding it difficult to hear the hon. member for Victoria-Carleton. I wonder if we might have order in the house.

The Chairman: Order. Perhaps hon. members would hasten their departures from the chamber and those remaining would observe silence so that we can hear the hon. member.

Mr. Flemming (Victoria-Carleton): Mr. Chairman, all could hear if the Secretary of State would only exercise a little more discipline over on his side. I was observing that this was a resolution in which we from the Atlantic provinces have a tremendous amount of interest. Prior to the speech of the Secretary of State yesterday I was under the impression that some phases of it, for instance the increases in membership of the board, were contemplated for the purpose of securing representation for groups of people who, in the opinion of the government, might not be represented. However, since his speech yesterday I find that it is contemplated that the present membership are not to be continued in office for any great length of time. The members of the board are going to be continued in office for the period of one year. The chairman presumably will be demoted to member, and he is going to be continued for two years; and that will be the end of his actions and function as a member of the board.

Mr. Pickersgill: I am sure the hon. gentleman does not want to misrepresent the situation. The situation is that their present terms, if the house accepts the bill, will be continued by legislation for that period, and they will be eligible for reappointment in all cases.

Mr. MacEwan: What a chance.

Mr. Pickersgill: That is quite clear, I think.

Mr. Flemming (Victoria-Carleton): Mr. Chairman, it is my opinion that we are going to find that this is a gimmick to get rid of the present members of the board.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That is exactly what it is.

Mr. Flemming (Victoria-Carleton): I think in that connection it might be well if we examined the present personnel of the board.

As was pointed out yesterday, very properly, by my hon. friend from Royal this board has been set up. This board is prepared to function. This board has a full membership. This board has a membership representing every province of the Atlantic provinces. This board is composed of men who are outstanding and who were selected for that particular reason and not for any narrow, partisan consideration.

Some hon. Members: Oh, oh.

Mr. Flemming (Victoria-Carleton): Hon. members may laugh but they do not understand that language. Our friends opposite, Mr. Chairman, do not understand it, especially those from the Atlantic provinces. We have on the board an outstanding executive director from the civil service of Canada, a most outstanding man. The selection of official personnel for this board, which was not large, was an attempt to get a representative from each province, and as my hon. friend the Secretary of State knows, that was done. I am sure he will be the first to agree that the officials of the board are very capable people. I submit that the members of the board are also outstanding in every respect. There is no need for any resolution to come before this committee to introduce a measure to amend the Atlantic Development Board Act, because the Atlantic Development Board Act does not need any amending. The Atlantic Development Board Act should be continued in the form passed by the previous government last December. It should be allowed to function.

In the course of some remarks, a few weeks ago I made this observation: why does not the government allow the Atlantic development board to function for at least a year, and then if the government find there is something which might be improved they could bring forward legislation and ask for an amendment, but, Mr. Chairman, the government are asking us to amend something which has not even started, which I submit is a ridiculous situation.

Coming back to the personnel of the board, we have as its vice chairman Mr. Frank Sobey, of Nova Scotia, one of the most outstanding industrialists not only in Nova Scotia but all Canada. I might call the attention of the committee to an article written in the Montreal *Gazette* of May 24, which was only a few days ago, by Mr. John Meyer, the financial editor, in which he compares the Industrial Estates, of which Mr. Sobey is president, with the proposed set-up for the Quebec government. Then Mr. Meyer goes on to say:

> Industrial Estates, in the six years since it was set up by the Nova Scotia government, has assisted in the establishment of 31 new industrial plants in the province. Seven of these have been established since the beginning of the year. They include Volvo, the Swedish automobile manufacturer, J. F. Crossley, the British carpet manufacturer, and, the most recent, the aluminum can plant for Reynolds International. Negotiations are in process with a number of other companies—

—for more industrial establishments. Those last four words are mine. Now, Mr. Chairman, this is the gentleman who, according to this legislation, is going to have notice served on him that his services are required only for a period of a year and then he is through. That is what is contemplated by the resolution, as explained by the Secretary of State yesterday.

Mr. Pickersgill: I have already contradicted that once. Does the hon. gentleman not accept my word that Mr. Sobey will be eligible for reappointment for another three-year term?

Mr. MacEwan: Eligible. The people of Nova Scotia will love to hear that.

Mr. Flemming (Victoria-Carleton): I will tell you what will change my attitude towards this resolution. If the Secretary of State wants to get up and say that Mr. Sobey will be continued for his full term, all right. I am surprised that members on the Liberal side from any part of the Atlantic provinces would ever subscribe to this type of resolution. If it went through the caucus of members on the government side representing the Atlantic provinces, then I am very much surprised. I am quite surprised that the Secretary of State would sponsor it. After all, he does represent an Atlantic province. He has adopted one of the Atlantic provinces. Therefore I am surprised that he should bring this resolution forward because it contemplates that six new members will be appointed to the board. At present there are five.

I have referred to Mr. Sobey, the outstanding contribution he has made and the high respect in which he is held in the Atlantic provinces. No one will dispute that, I am sure. The government apparently has decided that it does not want his services for any length of time. With that I do not agree.

Let us go to some of the others. When I occupied a position of some responsibility in connection with this matter not once did I hear any criticism of Mr. McQuaid of Prince Edward Island, the former attorney general. Oh, some of my hon. friends may say that he is a defeated cabinet minister. In my book that is a compliment so far as his performing service is concerned, and if he was unsuccessful in one election I am sure there are many of us who will understand that that is no particular disgrace. It is simply a trend of political fortune. But never once did I hear

from anyone any objection to him from the point of view of his ability. Quite the opposite was the case. Every comment in connection with Mr. McQuaid's appointment was complimentary, and I might say that even in such a happy family as the Conservatives comments are not always complimentary. There never was any objection to Mr. McQuaid.

The same thing applies to Mr. Fred Ayre, the representative from Newfoundland. I have heard no adverse criticism of his appointment from my friends from the province of Newfoundland who sit in this House of Commons. He is an outstanding man in every respect. The gentleman who represents New Brunswick, Mr. Lalande, enjoys a tremendously good reputation in that province. The only criticism I have heard of him is that he comes from the province of Quebec. That is the only adverse criticism, if it is a criticism, I have ever heard in connection with Mr. Lalande. He is a banker. He is a supervisor for the Provincial Bank of Canada located at Moncton and he enjoys a most excellent reputation.

These are the gentlemen who are affected by the resolution which says that we should amend the Atlantic Development Board Act by increasing the number of members from five to eleven. I have said that I consider this to be a gimmick by which the government is going to put an end to the services of the people now occupying these positions. The Secretary of State takes issue with that statement. He says they are eligible but he does not say they will be reappointed. He does not say they will be continued in office. In my opinion, Mr. Chairman, if the government wanted to do what is best for the Atlantic provinces and for Canada they would let the membership of the board continue as it is for a certain length of time anyway, because they cannot get better men. I am one of those who do not say that one man is better than another. I say you would not get better men than those who have been selected.

The publisher of the Fredericton *Gleaner* and the *Atlantic Advocate* is a personal friend of mine. There is no question about that. I have great personal regard for Brigadier Wardell. Over the last 11 or 12 years he has adopted the Atlantic provinces. He has proclaimed the gospel of the Atlantic provinces from one end of Canada to the other. He has carried the torch. If you will refer to previous copies of the *Atlantic Advocate* you will find that he suggests that his interest is entirely unselfish and objective and that he is simply anxious to make a contribution to our part of Canada. I do not believe anyone will take exception to that proposition. I think we in the Atlantic provinces are anxious to have influential people from all over the world come and take an interest in our part of Canada. I am sure that is the feeling of most of us. This is what we have in the person of Brigadier Wardell.

Those are the members of the board that this legislation is designed, I say, to get rid of. I do not think there is any need for this resolution. All that the government needed to do was to continue the board in office and allow it to function as it was intended to under the direction of a minister, of course. So far as the selection of a minister is concerned I find no fault with the selection of the Secretary of State. As a matter of fact, I was quite happy when that selection was made because I felt that he would bring to the four provinces a somewhat detached interest of any one province compared with another. I hope I am right about that.

An hon. Member: The height of optimism.

Mr. Flemming (Victoria-Carleton): Perhaps it is the height of optimism. A question was asked in the house before as to the disposition of the money. I will come to that in a few minutes. So far as the official duties of the Secretary of State are concerned, I suggest to him that he extend his horizon beyond the narrow partisanship of the Liberal party. I would ask him to look towards development and progress in the Atlantic provinces and accept his new responsibility as an instrument by which he can render a tremendous service to those provinces and the region which has adopted him. He has been re-elected time and time again and I find no particular fault with that. That is the right of the people of every community. But I do think it brings with it a degree of responsibility not only to his constituents but also to the region which in this case the minister represents. Therefore I ask him to use his position not in a narrow and partisan way but for the general good of that part of Canada. May I say that I think he is probably somewhat less partisan than some of his colleagues.

Some hon. Members: Oh, oh.

Mr. Flemming (Victoria-Carleton): Some members may laugh but I still think that is the case. I refer now to the board, its personnel and the first few words of the resolution which say that "it is expedient to introduce a measure to amend the Atlantic Development Board Act". I am opposed to this. I do not think it should be amended. I think the board should be continued as is. Even if the members of the board to whom I have just referred continued in office any length of

time they would be outvoted for sure and it is my opinion that they would be voted out.

I have said that the board is just getting started and there is no record to discuss. There are no actions to examine. There are no results to analyse. However, there has been a change in government and someone has decided to make a change in the board. I submit to you, Mr. Chairman, that that is not in the best interests of the Atlantic provinces, nor is it in the best interests of Canada as a whole.

Now, perhaps they think that this is a politically expedient thing to do. I submit they are wrong if they think it is politically expedient. It is not the politically expedient thing to do. The political expedient thing to do is to have this board function in order that it can perform the services for which it was established and clothed with the legislative authority by the previous parliament. The board should be allowed to examine things.

May I, at the risk of being repetitious repeat what I said in this house a few months ago when the board was set up? These remarks applied then and they apply now. I am quoting now:

> So I point out, Mr. Chairman, the need of addressing ourselves to the problem of creating job opportunities in our own region—

Mr. Pickersgill: Can the hon. member give the page in *Hansard*?

Mr. Flemming (Victoria-Carleton): This is not *Hansard,* it is the *Atlantic Advocate* and contains a condensation of *Hansard.* I think the hon. member will agree with me that it is a correct report. I am sure it is, and I am sure he has no reason to believe otherwise. It is much easier to get at, and our research facilities are somewhat limited. If I quote incorrectly I will be the first to acknowledge it.

> —and then, looking at the transportation problem and also paying some special attention to the possibilities of cultivating markets where we may have natural advantages compared with other parts of Canada by reason of our location on the Atlantic seaboard.

Anything wrong with that, Mr. Chairman? Is this not what we have been harping about ever since this session started, job opportunities?

> The Atlantic development board will inquire into and report to the government suggesting measures with respect to projects which promise to accelerate the growth of the area's economy.

Anything wrong with that, Mr. Chairman?

> It will consider and report after investigation on projects suggested by provincial governments and other parties. This is in accordance with the statement of the Prime Minister in April last.

The reason I mention these things, Mr. Chairman, is simply this: That was the concept of the Atlantic development board, and in my opinion that is still the concept in the hearts and minds of the members of this house.

An hon. Member: What about the money?

Mr. Flemming (Victoria-Carleton): My hon. friend talks about money. He sold the people of his constituency a bill of goods on that proposition. Since he has reminded me of this aspect in the matter, I may say there never was any question about funds being available to this board. During the election campaign our opponents tried to convince the public that there was no money. Well, the whole resources of Canada were behind this board. I have just read from my own remarks, and it is clear that after investigation the board, under the old legislation, made its report to the minister responsible. In this case, it would be the Secretary of State. If the Secretary of State were favourably disposed towards the recommendations, he carried them to his colleagues in the government. I submit, therefore, that the whole of the resources of Canada were behind the board as it was constituted under the legislation.

There was no limit; but there is a limit now unless the minister will tell me that this $100 million fund that has been set up is only a beginning. I submit that there are many situations in the Atlantic provinces deserving of examination and investigation. These investigations could result in the processing of raw materials presently imported into the country. From the point of view of our balance of payments position, therefore, this plan has a good deal of merit. In so far as the $100 million is concerned, I want the minister to say that the $100 million is mentioned purely as an amount to draw against. The time allotted for this board to be in existence under this legislation is six years. After that, it is going to die. We have four provinces, so the unit is 24 and if we divide that into 100 we find that there will be $4 million per year for each province.

I am one of those who believes that the Atlantic provinces, or for that matter any other province, do not want to build up their economy at the expense of the rest of Canada, except in unusual circumstances. These unusual circumstances might be the securing and processing of certain materials which are strategic and which are presently being imported.

Let me come back to the question of the amount of money that will be available to the board. It seems to me that we are rather attaching altogether too much importance to figures. The Secretary of State answered a

question yesterday from the hon. member for Cape Breton North and Victoria and said that the $100 million is much better than nothing. It has been suggested that there was no money available. I am suggesting now, in all seriousness, that that is not a proper inference because all the resources of Canada were behind this board. They would be under the present government too, I am convinced, if they would just allow the board to continue.

You recall what happened, Mr. Chairman, in connection with the legislation which was passed by the federal government to assist in the Beechwood development. I have mentioned this before. The previous parliament was only asked to vote the amount necessary to pay for the project, but that is being repaid each year. It makes no difference what government is in office in New Brunswick, the money will be repaid. This was the concept at that time, and still is the concept so far as that is concerned. We needed someone to endorse our note, and it was as simple as that. Then, we were able to borrow the money on a more attractive basis, thus enabling us to deliver electricity at a cheaper price to the public and attract industry into that part of the country.

Let us take the Atlantic provinces power development program, a measure adopted when a good many hon. members were here. They voted for it. I suggest there has been something like $25 million to $30 million spent on transmission lines and in building plants in the Atlantic provinces. The electric power commissions purchase them and have a 30-year period to make payment for plants and a 40-year period in connection with transmission lines, so in the long run it costs the federal government nothing in so far as these two projects are concerned.

I am sure every hon. member from the Atlantic provinces will agree with this. They have contributed tremendously to the economic development of our part of Canada.

The reason I mention these things is simply because this is what we envisaged when the act was passed, and we received support from the then opposition. We appreciated that support at the time, and still do; but why our hon. friends opposite should now do a right about face, and first of all provide that they are going to nullify the work of these able people I have mentioned, then, second, provide that the act go out of existence on January 24, 1969, is surprising. Why they set a date for this act to die is something I cannot understand. That is something they should leave to the next parliament to decide. This parliament should not be legislating categorically for something that is going to come up in 1969. That is basically wrong, particularly when it affects the lives, activities and the general standards of people in one part of Canada. However, that is what the resolution calls for and I am sure, you, Mr. Chairman, can quite understand my objection to it.

The Deputy Chairman: Order. I apologize for interrupting the hon. member for Victoria-Carleton but his time has expired.

Mr. Pickersgill: Mr. Chairman, since the hon. gentleman is the main spokesman for the opposition I hope unanimous consent would be given to him to say what he wishes to say at this time.

The Deputy Chairman: Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Flemming (Victoria-Carleton): Thank you, Mr. Chairman. I also wish to thank the Secretary of State. I am sure the things I am saying are so pleasant that he would want me to continue. Surely those of us in this house who represent the Atlantic provinces should be able to agree on objectives. We might disagree on the way to achieve those objectives, but surely the objectives must include the betterment and improvement of all the citizens of the Atlantic provinces who have honoured us in electing us as their representatives?

I wonder if the Liberals have had a caucus on this matter. I wonder if they all voted for this resolution which is going to sound the death knell of the Atlantic development board. Yes, Mr. Chairman, this resolution sets the date when it is going to die.

Mr. Rideout: Gloom and doom.

Mr. Flemming (Victoria-Carleton): They do need to shake their heads. All they need to do is read the resolution. On January 24, 1969 it dies. There is no question about that. Yesterday we had an explanation given to us by the Secretary of State in connection with this matter, but rather than reassuring me it disturbed me. He said that the suggested change would have significance on the effectiveness of the board for the short duration of its lifetime. The short span that is contemplated is six years and the resolution then provides for the death of the board. If the government gives the matter second thought I do not think it will continue with a resolution such as that.

I would also like to ask what are to be the qualifications of the six additional members? Last year hon. members who now sit on the government side were very worried about whether or not some defeated Conservative candidate might be appointed. Well, Mr. Chairman, to me a defeated candidate

is a man of ability. He just has not been able to get enough votes, and that is all. It could be a temporary situation.

Mr. Lambert: The Minister of Labour subscribes to that.

Mr. Pigeon: That will be his position in the next election.

Mr. Flemming (Victoria-Carleton): Will these six men to be appointed be employers of labour, manufacturers, industrialists, representatives of organized labour or representatives of the provincial governments?

The chairman of the Atlantic development board has said the members will carry on with their work. I am not going to transgress on the good will of the house by dealing at length with the speech which he made the other day, but in that speech he said he had been in consultation with the Secretary of State and he proposed to carry on. He also said that the job they had to do was greater than any personal attributes of any kind. I submit that is a very fine, broadminded attitude to take.

Before this debate finishes the Secretary of State might tell us whom he proposes to put on this board.

Mr. Pickersgill: In making that suggestion is the hon. gentleman suggesting that I follow the precedent he set last December?

Mr. Flemming (Victoria-Carleton): With reference to what?

Mr. Pickersgill: Who was to be put on the board.

Mr. Flemming (Victoria-Carleton): Well, it would be all right, if you can get men as capable.

Mr. Pickersgill: I think the same request was made of the hon. gentleman last December when we were debating the bill in the house and the hon. gentleman said, I think quite properly, that until parliament had passed the legislation it would not be proper for him to make any suggestions as to who would be appointed. I think I should follow that precedent and take the same position he took.

Mr. Flemming (Victoria-Carleton): I hardly expected the Secretary of State was going to suggest they come from the Conservative party. With regard to the $100 million, I am one of those who are very jealous of the rights of parliament. I understand that this $100 million will not be automatically placed in an account for the board to throw here and there to provide some jobs, so that the defeated candidates might get elected at the next election and those of us who are here now may be left at home. I think the board has to come back here for final approval before the money is spent.

Mr. Pickersgill: It is quite clear in the letter.

Mr. Flemming (Victoria-Carleton): As I say, Mr. Chairman, I am one of those who is jealous of the rights of parliament and I think when the taxpayers money is going to be spent it should be voted by parliament, and when there are a few million dollars to be spent in my constituency I would expect the board to come to parliament to get authority before starting a project.

I have one more point to make, and perhaps we may get a chance to have a few words on the bill itself in committee. But at this stage, I would like to speak about the need for those of us who come from the Atlantic provinces to indicate to the rest of Canada that we are no longer going to be subject to the rule of divide and conquer. For years they have taken very outstanding people from the Atlantic provinces and brought them to Ottawa. This applies to both sides of politics, and for years they threw an odd breakwater to us, and an odd wharf to Newfoundland. They made us smile and like it, and that was about all we ever received prior to 1957. But, since 1957 a new dispensation has been ushered into the Atlantic provinces and no longer is the uniform application of an over-all principle considered good enough.

The principle of the Conservative party is that special situations demand special attention and consideration. That is something I hope we could all agree on, and so I am going to make an appeal to those on the opposite side who represent the Atlantic provinces, and especially to the Secretary of State, that they just forget about this whole question of making changes to the act; that they just allow it to stand as it is, and let it succeed or fall on the things that it is able to accomplish for the Atlantic provinces.

But give it a fair chance and do not condemn it immediately by an amendment that would really put it out of business so far as the original board is concerned. Let us go ahead and try it out. If one year hence it is decided that some improvements can be made, well and good; let the minister bring it back to this parliament. But to condemn something that has never yet had a chance to function or perform any service for this part of Canada is, in my opinion, unfair and getting quite close to being absolutely dishonest.

Some hon. Members: Oh, oh.

Mr. Flemming (Victoria-Carleton): Just look at your dictionary and see what "dishonest" means.

Mr. Clancy: Mr. Chairman, may I ask a question. Would all the members from the Atlantic provinces on the government side of the house please stand up?

Some hon. Members: Order.

(Translation):

Mr. Côté (Chicoutimi): Mr. Chairman, last year I took part in the debate on the legislation concerning the creation of the Atlantic development board, and it is with pleasure that I now find myself, once again, on familiar ground. I have always taken a keen interest in the maritime provinces, partly because of the spiritual bonds which tie us to the maritime provinces, and partly because those provinces carry the burden of an underdeveloped economy.

On the other hand, the people of Saguenay region are closely linked with the Acadians. After one of the first Acadians was deported, his son left Philadelphia and crossed the border to found the colony around lake St. John. His name was Nicolas de Tolentin Hébert. So that we have yet another reason to think of the future of that part of Acadia and of the maritime provinces.

In addition, the people of the province of Quebec recently subscribed $150,000 to save a French newspaper, *L'Evangeline,* from extinction. I made a contribution and I am glad I did because we wish to maintain French culture in that part of the country.

On the other hand, Mr. Chairman, when I think that the government is considering an amendment to the legislation we adopted last year to increase from five to eleven the number of members who sit on the board, I wonder if that is not merely to check the action of the five Conservatives—if they are all Conservatives—who were appointed by the previous government. If that were the case, it would be petty politics, and I hope that is not the government's aim when it proposes to increase the number of commissioners from five to eleven.

I do not want to impute motives to anybody but I find this attitude of the government rather odd. Of course, without knowing personally the present members of that board, I do believe they were appointed because of their qualifications and I think they should be able to do their job.

However, if the number of commissioners is raised to eleven to allow for a more efficient representation of each of the Atlantic regions, that is of each county in particular and especially those which are the most economically affected, the idea might have some sense.

Last year, we set forth definite ideas on the matter in this house, and I am pleased to call the attention of the house to what our national leader, the hon. member for Red Deer (Mr. Thompson) stated, as shown in *Hansard.* I quote:

(Text):

One word that Social Credit will never use in connection with its policy for the maritimes is the word "welfare". Nor will it refer to the eastern provinces of Canada as a "depressed area". The truth is, and all of Canada should realize it, that the maritime provinces are potentially the richest and the most prosperous in the whole of Canada. The maritimes are not a "depressed", they are an "emerging" area.

If one looks, not at the problems of the Atlantic area, but at its resources, these are amazing. Prince Edward Island is one of the richest farming areas in the dominion. Nova Scotia has big reserves of coal, is excellently placed as a centre for shipping, and for the fishing industry. New Brunswick is not only the centre of a new base metal mining industry, and a major source of timber, but it is the site for some of the leading universities on the North American continent—an asset without price in an age where the "baby boom" coupled with a growing demand for higher education has put a premium on higher learning. Newfoundland and Labrador have immense and undeveloped potentials in hydroelectric power, fishing, lumbering and mining. All this is without mentioning the possibilities of the area for tourism, and the fact that the vast market of New York state is highly accessible by land and sea.

The basic problem of the Atlantic area is not one of resources; it is one of markets. Particularly, it is one of trade to the natural outlet of the area—the eastern United States, hampered by Canada's high tariff policy ever since the end of reciprocity in the years before confederation. Were this barrier removed, iron ore from Labrador would be smelted in Nova Scotia before being shipped to New York—instead of going directly and filling the furnaces of the middle west. Prince Edward Island farm products could break in on the American market—something that might also make undertaking the Chignecto canal worth while.

Power and raw material resources could be developed. In terms of development, the Atlantic provinces could become the British Columbia of the eastern seaboard.

(Translation):

Those are the very sensible words that were spoken here by our national leader, the hon. member for Red Deer, and I am pleased to endorse them at this time.

Now, Mr. Chairman, on reading the resolution, I note that the government intends to establish a $100 million fund in order to foster a real development in the Atlantic area. Of course, this is a most commendable and

realistic purpose, because it is not with next to nothing that the development of the maritime provinces can be promoted, but with capital. But, Mr. Chairman, what good can $100 million do for the development of the Atlantic provinces when one considers their needs? In my opinion, an amount of $100 million is only a drop in the ocean.

In order to develop the maritime provinces, at least $1 billion is needed, that is, at least $100 million every year. Therefore, $100 million are not enough. Provision should be made for that when the bill itself is introduced so that a worth-while program may be established in that regard.

I also noticed that this government is again considering, as it does for other projects, taking this money out of the consolidated revenue fund, which comes from taxation. I wonder how anyone can have such old-fashioned notions in 1963 and how anyone can, from an economic point of view, want to establish anything by taxing individuals again.

We already know that the people in the maritime provinces, as those in other areas of Canada, are overtaxed. It is no use taking money from Joe to give it to Henry. New capital must be created, as we explained during the debate on a measure concerning the municipal development and loan board. We need new capital to satisfy the needs of Canada. We cannot be satisfied with old capital that is capital already existing. We do not have enough capital. Therefore we must create new capital. Now, the Bank of Canada is the only organization capable of creating such capital, because it is the people's bank, the bank of the Canadian people, and consequently the bank of all the people in the maritime provinces. The people in the maritime provinces expect their government, if it really wants to make an effort to be of assistance to them, to participate in a vast maritime development, so that these provinces may have their own industry and keep their population at home.

Therefore, it is absolutely necessary to create new capital, and this new capital will have to be supplied by the Bank of Canada. The Bank of Canada will have to be entrusted with the responsibility for creating this capital to finance the expenses necessary for the development of the Atlantic provinces.

Those, Mr. Chairman, are the few remarks I wanted to make in this debate. I hope that the government will consider them, because if we take the trouble to make suggestions or comments, it is because we wish to play a part in the preparation of the government legislation. In fact, we are all members of this government, each and everyone of us, and when we make suggestions, they should be considered.

(Text):

Mr. Stewart: I want to begin by reiterating a statement made by my hon. friend the Secretary of State concerning the amount of money which it is envisaged would be expended on the rehabilitation of the economy of the Atlantic provinces. The Secretary of State certainly did not wish to imply, and neither did any other member of this party wish to imply at any time, that the $100 million set forth in the present resolution would be the total sum to be expended for this purpose. As the Secretary of State said, rather repetitiously, I thought, this was merely to be a stopgap fund. Various departments of government were to be especially active in relation to the Atlantic provinces. This particular fund would be supplementary to the increased activity of the ordinary departments of government.

My main purpose in rising is to make a comment on the basic argument put forward this afternoon by the hon. member for Victoria-Carleton. As I understood it, this argument was: we have before us an act of parliament, an act which was passed in the last parliament, and the present parliament should give that legislation a trial run. That was the plea made by the hon. member. Well, he was here in the last parliament and he knows what took place. He knows that those of us who were then on the other side of the house believed that though the program embodied in the act which is now under consideration moved in the right direction, it did not move far enough or emphatically enough in that direction. We argued that it was not strong enough. We argued that the board should be strengthened. However, in that parliament, our arguments did not prevail.

Then an election took place, and in the course of the campaign leading up to April 8, certain persons now members of this house delivered speeches which were made seriously by them, and taken seriously by many of their constituents. For example, in my own constituency of Antigonish-Guysborough I occasionally made reference to a pamphlet entitled, "A Better Break for the Atlantic Provinces". From that pamphlet I read a paragraph stating that Liberal policies would include "providing a stronger Atlantic development board with a capital assistance fund to promote basic development projects and to encourage the expansion of industry to provide jobs and income".

I am sure the hon. member for Victoria-Carleton can scarcely object to my taking the position in this parliament, which meets here as a result of the election of April 8, that the commitments made during that election should be honoured.

After all—and I say this without boasting—the electorate of the Atlantic provinces elected 20 members, out of the 33 from those provinces, to support the policies of the present government.

It would seem to me to be something of an affront to the electors in those provinces if those policies were now forgotten. I think the argument put forward by the hon. member for Victoria-Carleton simply will not stand up. In the Atlantic provinces, we have had a decision of the supreme court of public opinion; and it is a pretty emphatic decision. I think that the resolution placed before this house by the Secretary of State will have to be supported.

Mr. Flemming (Victoria-Carleton): Mr. Chairman, I should like to ask my hon. friend one question. Would he permit a question?

Mr. Stewart: Yes, of course.

Mr. Flemming (Victoria-Carleton): The question is: Did he promise to his constituents in the election that the board would die on January 24, 1969?

Mr. Stewart: No, Mr. Chairman, I did not discuss that particular point. I did discuss ways in which the board could be strengthened. As the Secretary of State pointed out, I thought rather persuasively, one of the times something never gets done is when you have an eternity in which it can be accomplished. As I understand it, the purpose of the Secretary of State and of this government in setting a terminal date is to give the board a deadline in which to produce. I think that is a salutary measure with regard to most individuals and organizations. I certainly find that I work better when I have a deadline; and I suspect that the hon. member for Victoria-Carleton finds the same true in his own case.

Mr. Brewin: Mr. Chairman, I do not propose to detain the committee very long, as I am sure hon. members will be pleased to hear, but I do wish to say that we in this party support, in a general way, the resolution before the house. We think the proposed amendments are in the right direction, perhaps hesitant steps but nevertheless going in the right direction; and as they tend to follow suggestions made in this house in the last session by members of this group, we are in favour of them.

Before I proceed to make the few observations I intend to make, perhaps I should say something about my status, even to discuss questions which affect the maritime provinces. My constituency is in the middle of the industrial section of Toronto and it might be doubted that I should even dare speak on this subject. However, I learned to swim at the age of four in the bay of Fundy and I have vivid recollections of that. My grandfather happened to be the prime minister of one of the maritime provinces, so I think I should speak. I regret—and I say this without any disrespect to the present member for Cape Breton South—that the former member for Cape Breton South is not here so that his stentorian tones could be heard in this debate.

To return to the resolution: as I say, I think these are steps in the right direction. For example, the enlargement of the number of the members of the board was moved as an amendment in the last session of parliament by the former member for Cape Breton South and was opposed by all members of the house then present, with the exception of the members of this party. I am very happy to see that the government have studied what was then said and have adopted this suggestion. I commend to them that process as a general way of improving their legislation.

I think the hon. member for Victoria-Carleton is wrong in suggesting that the proposal to enlarge the board in some way destroys its usefulness or significance. The purpose of enlarging the board, as we suggested in the last session, was to make it more representative not only of the different provinces but of the different economic groups in the maritime provinces. We are not particularly interested in whether the members are Liberals or Conservatives. All we hope is that they will be representative of business, labour, the professions and other groups who will be able to do an effective planning job. That is why we welcome this particular measure. We criticized the last bill because there was no capital fund made available. It is true that the hon. member for Victoria-Carleton said that the whole resources of Canada lay behind the implementation of the last bill, but we think it is a step forward to ensure that at least some of the $100 million is set aside for the purpose of seeing that this board can function effectively. Because it is absolutely ridiculous to talk of planning boards and to give them no means of operating. I heard the Secretary of State and the hon. member for Antigonish-Guysborough point out that this $100 million is only supplementary, but we feel that it is inadequate in any event.

I should like, Mr. Chairman, to refer to what my leader said in the last parliament

when this suggestion was made. He said that if expenditure of money helps to provide full employment and take people off the social welfare roll and off unemployment insurance, it will be the best investment the people of Canada ever made; so let us not begrudge expenditure of money like this. Those sentiments were expressed in answer to the suggestion that there be a fund of a billion dollars for the next five years. We suggested that that might not be adequate. What we fear is that the funds available to carry out the planning proposed under this board will prove to be inadequate to carry out the task.

Mr. Chairman, I do not know whether I have any more time before five o'clock—

Mr. MacInnis: Would the hon. member permit a question before he resumes his seat?

Mr. Brewin: Certainly.

Mr. MacInnis: As the member for Cape Breton South, just to identify myself, I should like the hon. member to be aware of the fact that I recognize a needle when I see it, and I would be only too happy if he took the time to explain the activities in toto of the former member for Cape Breton South when he was in this house.

Mr. Brewin: I will leave that to you. As far as the former member for Cape Breton South is concerned, if the present hon. member does half as good a job as he did he will do a lot better than the other members of his party.

Mr. MacInnis: I asked the hon. member whether he would take the time to explain all his activities within this building.

Mr. Douglas: It would not take long to explain yours.

The Deputy Chairman: Order. I apologize for interrupting the hon. member for Greenwood, but it being five o'clock it is my duty to leave the chair in order that the house may proceed to the consideration of private members' business, pursuant to section 3 of standing order 15.

Progress reported.

Mr. Deputy Speaker: Order. It being five o'clock the house will now proceed to consideration of private members' business as listed on today's order paper, namely private bills and public bills.

PRIVATE BILLS

STANDARD TRUST COMPANY

Mr. Ian Grant Wahn (St. Paul's) moved the second reading of Bill No. S-13, to incorporate Standard Trust Company.

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

Some hon. Members: Agreed.

Mr. Peters: Mr. Speaker, does the sponsor of this bill not intend to indicate something about its nature? As I understand it, there should be some explanation given as to why this bill has been brought before parliament for the second time.

Mr. Wahn: Mr. Speaker, the purpose of this bill is to incorporate Standard Trust Company. As has been indicated by the hon. member, Standard Trust Company was incorporated by parliament several years ago. Under the law a company so incorporated is required to commence business within two years. Standard Trust Company was not satisfied that it had been able to find within that period the management which it thought was desirable for the company and accordingly it did not commence business. It is now satisfied that it has both the capital and the management which are required and accordingly it is necessary to apply for the incorporation of the company again.

The bill has passed through the Senate and, of course, is now before this house. These trust companies provide a wide range of useful services to the community. They are subject to public regulation and control under the very detailed conditions and restrictions set out in the Trust Companies Act. The provisions of the bill now before the house are the usual. I believe they are self-explanatory and require no detailed explanation. However, if there are any questions I will be happy to do my best to answer them.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, it appears that in 1959 this bill, or a similar one, was introduced and we were led to believe that some of the problems to which the hon. member has referred were resolved at that time and the company was not only prepared to start operations then but was anxious to do so. We have noted that since that time the company has not begun operation and we also notice that there are a number of changes in the bill now before us from the one that was previously brought before parliament.

Before we go into some of those changes, and whether or not they are advantageous, I should like to refer to a broader matter that has to do with companies of this nature. It is one that has been widely discussed by the Liberal party in recent months and has to do with the Canadian composition of such companies and the Canadian element, so far as the shareholders, directors and money involved in the operation are concerned. You

will note, Mr. Speaker, that in this case the company incorporated in 1959 had two directors on its board who are not among the board of directors set forth in the bill now before us incorporating Standard Trust Company. They were Mr. Harry Willis residing at Belfountain, Ontario, a lawyer, and Mr. Murray Axmith, an executive, chartered accountant and director of a number of companies in Ontario.

I would presume that these two people were the executive officers who were going to administer the company and I am surprised that they have been removed without any replacements being suggested to us. We agree with those in the Liberal party, and I think they are in the majority, who believe that there should be greater control of a Canadian companies by Canadians, that we should have available to us Canadian trust companies that will provide the services this company is seeking to provide and that we should be assured that the shareholders and directors are Canadians and that the shares are owned by Canadians.

I am aware of the fact, of course, that the statutes of Canada make it mandatory that in any company of this nature incorporated under the Trust Companies Act the majority of the board of directors must be normally resident in Canada and be either Canadian citizens by birth or by naturalization. I suggest that we should be assured and that it should be set forth in the bill that all the directors of this company must be Canadians normally resident in Canada. I suggest we should also go further and ascertain whether or not the shareholders are Canadians and whether or not the stock is under the control of Canadians.

I question that this is true in this case because I am aware that one of the proposed directors of this company is also a director of a number of companies whose shares are widespread, and it is difficult to ascertain from a quick perusal of these companies whether or not they are actually controlled in Canada. If we are going to do as the present Minister of Finance (Mr. Gordon) and former adviser on the economic development of Canada has said, and buy Canada back, I suggest it is essential before starting to do so that we direct that any company incorporated under the Trust Companies Act should meet these requirements in the initial stages. I suggest that we should be told, not only with regard to this company but other companies as well, that this matter has been considered with the result that these companies are truly Canadian.

We should like to suggest to the members of the other place that when these bills are referred to their committee a great deal of advantage could accrue to this house if their proceedings were recorded. In that way the discussions and deliberations of the banking and commerce committee of the other place would be made available to members of this house. It may be repetitious for us to have to ascertain facts that may have previously been made known in the other place, and for what it is worth I make the suggestion that the banking and commerce committee of the other place keep a record of its proceedings so that this information will be available.

It will be noted from the bill that the company will have a capitalization of $5 million whereas in the 1959 bill the amount sought was only $3 million. This money will be contributed by subscription, I presume, and no doubt very large sums will come from some of the companies with which the proposed members of the board of directors of this company are connected. This raises a very difficult problem. I will only refer to the director who I know is connected with the mining industry. Many of the mining companies are holding companies which delegate their authority down the line and as a result it is very difficult to ascertain where the ownership of this company will really lie.

I suggest that the committee should give very serious consideration to ascertaining the facts in relation to the Canadian composition of this company before we give any consideration to the passing of the bill. I am sure that other bills of a similar nature will be brought before the house in which similar powers will be sought. Parliament in the past has seen fit to enact the Trust Companies Act and I should like to refer particularly to section 19 where I find these words:

> The majority of the directors of the company shall at all times be persons resident in Canada and subjects of Her Majesty by birth or naturalization.

In my view this was a very forthright and forward step, and having in mind that we are having difficulty in controlling our own economy from the point of view of the companies that operate in Canada I think that this kind of commitment should be made to the house when the incorporation of any such company is sought. I think the sponsor of the bill has an obligation to the house to give us some information with regard to why this company did not proceed to operate. The bill incorporating this company was passed in 1959, and I feel there is an obligation on the sponsor of the measure before us to tell us why the company did not proceed to operate in the normal manner during the last four or five years.

A limitation of two years was set by parliament as the time within which such a company should commence operations. This

provision was enacted for the protection of the general public. I believe that there has been a circumvention of this provision and the members of the house should be made aware of the reasons this company did not proceed with its intentions. I believe that in setting up the original board of directors there was an attempt to obtain men with business administration ability. There was a lawyer appointed; but it may be debatable whether or not this is any protection to the shareholders of a trust company in the province of Ontario. However, I believe that was the intention. Then, too, there was the appointment of an accountant to the board of directors, a man of whom it was said at the time that he was a chartered accountant, an executive and director of a number of companies in Ontario and a resident of the township of Etobicoke. These two gentlemen, it would seem to me, formed the business side of this trust company. The other people were well known figures, including several cattle breeders, a well known grain operator in the province of Ontario and a well known real estate operator in the city of Toronto, as well as a former member of the Ontario legislature and a former cabinet minister.

These people are members of the new board of directors, and personally I can see nothing wrong with that. I do believe that these people may lack the business sense that was associated with the establishment of the original board of directors. However, on the earlier occasion a point was made of establishing a board containing people of administrative ability such as a chartered accountant or practising lawyer.

I believe, Mr. Speaker, that these are questions that should be answered. Why was this company unable to raise the necessary money to commence operation? We were told that they would be able to do so in the very near future. A statement to this effect will be found on page 863 of Senate *Debates* for June 18, 1959. I quote:

> In the bill it is proposed that the capital stock of the company shall be $3 million, which may be increased to $5 million if such an increase is found necessary.

It is interesting to note that before this company ever starts operations, the new company has found it necessary to ask for $5 million, even though the old company did not obtain the $3 million necessary to commence operations. I continue to quote:

> Honourable senators will note from clause 4 of the bill that $500,000 must be subscribed before the provisional directors can call a general meeting of shareholders for the purpose of organizing the company. This, I understand, conforms with the provisions of the Trust Companies Act.
>
> Furthermore, the bill provides that even after the sum of $500,000 has been subscribed the company shall not commence business until $1 million of capital stock shall have been subscribed and at least $1 million paid thereon.
>
> From information furnished to me I understand that it is the present intention of the sponsors of this bill to provide that $1,100,000 shall be paid for the first $1 million of capital stock which shall be subscribed for and issued, the purpose of this being to immediately provide this company with a capital surplus of $100,000. As all honourable senators well know, a trust company loses money when it first commences to do business, and the sponsors feel that rather than have the capital of the company impaired by a loss which the company will incur when it commences business, the company will be provided with a capital surplus of approximately $100,000, and any loss which may be incurred can be charged against the capital surplus account.
>
> I understand from the sponsors that they are in a position to immediately provide the trust company with stock transfer business which should produce an annual income of approximately $100,000 for the company.

This statement, Mr. Speaker, was made by the Hon. Senator Brunt during his remarks when he introduced the bill which was subsequently passed by the Senate and this house. However, four years later this company has not been able to raise the original million dollars. They have not been able to form the company and an indication has been given to the house that they have not even raised the $500,000 necessary before a meeting of the shareholders can be called.

I feel these matters are of prime concern to the house in the establishment of a trust company. It would seem to me that if this company cannot live up to the trust we have already put in it when the bill was before us in 1959, then it should not be called a trust company at all. There is an indication that if the name of the company is not suitable to government officials and the banking and commerce committee decides to change it, the company would be agreeable. If that is so, we could call it something other than a trust company.

I believe that this is a matter of great importance. If we are given to understand that certain things will be done, certain responsibilities carried out in an area over which we have complete jurisdiction, then I believe we are entitled to a full explanation as to why these things have not been possible. We should be told why the company did not proceed as it originally intended, why certain people have been dropped from the board of directors, why the board of directors does not now contain persons of recognized ability in certain fields such as accounting and law.

I should like to see the house consider this bill, if that is its wish, but I should like to see the bill considered on the basis of the fact that the company has already failed

to live up to the obligations it assumed upon obtaining its original charter. Then, too, we should give consideration to the argument that a trust company incorporated in Canada should have a provision in its charter to the effect that Canadian ownership of that trust company will be maintained. This provision should apply not only to the board of directors but to the shareholders as well.

Certainly the day has now arrived when we are in a position to do something on our own behalf about some of these companies. I believe there is a growing desire for us to have companies that are completely Canadian, that will concern themselves with Canadian problems and with meeting Canadian conditions. I suggest this will not happen if the majority of the money is brought in through mining companies that may not be controlled in Canada, or through other organizations most of whose stock is held outside Canada.

There can be an acceptance of the principle of Canadian ownership and operation of companies only when we in the parliament of Canada are willing to amend our own legislation to that effect. I suggest that the bill be not read now and that it be referred back, not to the committee but to the sponsor himself, so that he can give further consideration to some of these problems, and later present it again to the house, having taken into account some of the problems that are very important to the passing of this particular bill.

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

Mr. Frank Howard (Skeena): Before we proceed to come to a conclusion about this bill there are some points I would like to mention, following along the general tenor of the remarks made by the hon. member for Timiskaming (Mr. Peters). We believe that all necessary steps should be taken to ensure that the corporate structure in Canada is Canadian owned all the way across the board and all through its operations, and that lip service alone is not sufficient, such as has been the case in the past few years.

The hon. member for St. Paul's (Mr. Wahn) introducing the bill indicated that this company is different in so far as the members of the initial board of directors are concerned, and different in one other aspect about its capitalization; but he also said the company was in fact incorporated by private bill some four years ago in 1959. So far as the Senate was concerned it was incorporated again during the last session of parliament, but with the intervention of dissolution it did not proceed through this chamber.

[Mr. Peters.]

I gather that the persons who are listed as being the petitioners, and who in fact will be the provisional directors of this company, are at the moment Canadian citizens ordinarily resident in Canada. Their names are given in clause 1 of the bill, and also their occupations and addresses, which I understand are all in Ontario. This in itself is laudable. This is something we all like to see, Canadian citizens participating in the formation of companies and the development of our industries. But while they may be at present Canadians there is no guarantee anywhere in the bill that such will always be the case, except in so far as the provisions of the Trust Companies Act apply, which requires that all such companies shall have Canadian citizens as the majority of their directors. Actually "British subjects" I think are the words in the Trust Companies Act, and this has been dealt with by the hon. member for Timiskaming.

To us this is the key point we should be looking at in so far as the incorporation of this particular company is concerned. We should be looking at this and other similar companies from the point of view of Canadian ownership so far as capital is concerned, and as members of parliament we should be seeking to give full effect to the desire that rests in all hon. members to develop and promote Canadianism, and Canadian ownership and control of corporations in Canada, using our resources and finances.

Two years ago we had quite a lengthy debate in parliament concerning a similar subject matter. It was a pipe line company, Aurora Pipe Lines Limited, and at that time it took a considerable amount of discussion, debate, crossfire and argument to get the sponsor of the legislation and the company which was to be incorporated to agree that all directors of the company should at all times be Canadian citizens ordinarily resident in Canada. It took many weeks of debate to achieve that, and I hope such will not be the case in this parliament. I hope that principle and concept will be readily agreed to by the people who are petitioning for the incorporation of this company, and that they will be agreed to by the sponsor of the bill.

For many years our predecessors in politics, the C.C.F. party, advocated and campaigned on the concept and principle of Canadian ownership and Canadian control of our industry. It was not too many years ago when that idea was ridiculed and pooh-poohed by other political parties, and especially by people in the business world. But gradually, arising from the principle advocated by the C.C.F. party, there has come to be an understanding and appreciation on the part of all

political parties that we must do something to regain control of our own industry and our own economic destiny.

Ours is no longer a lone voice arguing this particular principle of Canadianism. Four or five years ago we were joined by the Conservative party. Admittedly at that time it was bent solely and simply on getting into office, regardless of how it got there through promises; but nevertheless in 1957 it did embrace the concept of Canadian ownership and control. It is true also that following its attainment of office it did not do very much to put that concept into effect. Now we have the Liberal party in office. At one time it objected strenuously to the ideas we expressed and which we promote now. But we do have articles written and comments made by the present Minister of Finance, before he became minister, about the objectives we must have and the steps we must take to develop Canadian ownership of industry and other economic activities in this country. In fact, there appeared in the *Weekend* magazine published during the election campaign a very extensive article written by one Walter Gordon. The article was entitled "We must buy back Canada", and the subtitle was, "The Liberals' expert on business gives his recipe for independence". I might add as an aside that it did not give his recipe for independence from Toronto businessmen and financiers, but none the less I presume it gave his recipe for the economic independence of Canada. The article indicates who Walter Gordon is; it gives his background in so far as being chairman of the royal commission on Canada's economic prospects is concerned, and similar information.

In this article the Minister of Finance—of course, he was not then the minister—goes into great detail, although not as great as one would wish, about the degree of foreign investment in Canada dating back to 1900. He shows the tremendous growth, in billions of dollars, of total foreign investment in Canada since that time, from just a little over $1 billion in 1900 to something more than $22 billion in 1960. He indicates the percentage of foreign ownership and control of selected industries in Canada, going back to 1954 in this instance. But throughout this article—and I do not intend to quote sections from it—the person classified as the Liberals' expert on business who is giving his recipe for Canadian economic independence, presumably, talks about the degree of foreign ownership and control of Canadian industry, the damaging effects this has upon our economic growth and the steps which are necessary to overcome this situation. We agree with what the Minister of Finance wrote in that article in so far as the damaging effects of foreign ownership and control upon Canadian industry are concerned.

Mr. Chairman, I should like to make a brief reference to a governmental publication in support of the attitude expressed by the Minister of Finance in that article. The publication from which I quote was referred to in a previous parliament. It is the Canadian Balance of International Payments, 1960, and International Investment Position, a publication of the dominion bureau of statistics. I quote from page 58 of this official government publication on the growth of foreign control and investment in Canada:

> Perhaps the most striking feature of these series,—

This is referring to the series of statistics:

> —viewed in the perspective of a third of a century, embracing depression and boom, war and peace, is the consistency of the direction of the changes. Foreign ownership of Canadian manufacturing has inched up from 38 per cent in 1926 to 51 per cent in 1959 and control has gone from 35 per cent to 57 per cent. Foreign ownership of mining and smelting has also reflected an almost uninterrupted growth from 37 per cent in 1926 to 59 per cent in 1959 and control has risen from 38 per cent to 61 per cent. Apart from these industries there has developed a substantial petroleum and natural gas industry which is 63 per cent foreign owned and 75 per cent foreign controlled.

The dominion bureau of statistics figures are from 1926 which, as I understand it, was the year the d.b.s. started to compile statistics of this sort. These statistics show that from 1926, at least, until 1959, which is the last year for which I have the figures, there was a steady, uninterrupted, year by year increase in the degree and percentage of foreign control and ownership of Canadian industry. What it does not say, and what I am sure everyone realizes, is that from 1926 until this very day, unfortunately, we have had either a Liberal or a Conservative government in office in Canada and it did not particularly matter in those years who was in and who was out, the growth was the same; the give away of our resources to foreign interests was identical whether there was a Liberal or a Conservative government in office. It was during the later years to which these statistics refer that, as I said earlier, those in the C.C.F. party were campaigning both at election time and in this house—I refer to my predecessors here in the C.C.F. party—for a return into Canadian hands of the control of our economic destiny. It was during those years that the Liberals and the Conservatives, whether in government or in opposition, turned a deaf ear and refused to listen. This was the situation up to a couple of years ago. As a result, we are now stuck with the inheritance of the blindness of each of these old line parties on this

question of owning and controlling our economic activity and destiny. This economic independence is what we are trying to accomplish.

As I said, Mr. Chairman, at one time both the old line parties objected to this course of action. At one time they refused absolutely to concern themselves with whether the growth of foreign ownership was damaging or otherwise to Canadian interests. They refused absolutely to even study the question, and only in the last four or five years were any public pronouncements made by either the Liberals or the Conservatives about this all important question which now confronts us. It confronts us in the bill that is before us; it does not only confront us as a general proposition. It does not only confront us in so far as our manufacturing industry is concerned, the mining and smelting industry, the petroleum and natural gas industry or any other industry. This question of foreign ownership and control confronts us perhaps even more in the field of finance, in the field of control over interest rates, the operation and issuance of currency, credit and the like. I refer to the field of banking, the financial structure of Canada, the trust and loan companies field, the mortgage field and the like.

We have before us just one small part of the problem which concerns us. That small part is Standard Trust Company, an act to incorporate this body. While it may be a rather small company, only one company, and some may consider that it is just a small part of the total trust and loan company picture in Canada and an even smaller part of the total financial interests in Canada, nevertheless we must start to deal with this problem at some point. I suggest this is the point at which to start, when the issue comes before us.

The capital stock of the company is established as being $5 million. I have here the report of the superintendent of insurance for Canada for the year ending December 31, 1961. In it there are listed 15 trust companies in Canada. I presume there are only 15 trust companies in Canada, although I may be inaccurately informed—I may have been misreading the information in this report. The report is not particularly voluminous, it is true, but none the less it is filled with statistics.

Mr. Deputy Speaker: I regret I must interrupt the hon. gentleman, but I have to advise him his time has expired.

Mr. Reid Scott (Danforth): I should like to say one or two words on the bill. We certainly do not wish to hold the bill up in any way because we think it should go to the committee where it could be studied in detail and where the interested parties could appear and give evidence.

We want to get on with the business of the house so that this measure may be referred to the appropriate committee for more careful consideration. I understand, in any case, that in sending such a bill as this to a committee we are not, really, endorsing the principle of the measure; I think we were told that in the last parliament. Bills such as this are allowed to go forward on a second reading for a more detailed study. However, there are some doubts I wish to express at this stage in order that the sponsors may give consideration to them before the bill is considered by the committee.

Previous speakers from this party have stated that our main concern in these matters is to try to build into the bill itself sufficient safeguards to ensure that these various financial companies which we are incorporating shall not at some later date pass into the hands of people who reside outside Canada. I have read over the names of the provisional directors. These are, of course, only provisional and they will change at a later date. Some of these names are familiar and they appear to belong to excellent individuals. At the same time, it is not sufficient to have as a majority of the directors people who are normally resident in Canada. This ensures, of course, that the Canadian point of view is available to the company at all times. We are more concerned however with the idea of Canadian control, and this does not necessarily follow merely because the majority of directors will be people resident in Canada.

It is more important to build into the bill some safeguards attached to the actual stock of the company, its eventual distribution and the hands into which it will finally pass. We are making these observations at this point to suggest to the sponsors of the bill that some consideration be given to revising the capital stock of the company so that the majority of the common shares will always be held by Canadian citizens. If this is done we need never fear that control of the company will pass into hands outside our borders. This is in no way discourteous or unfriendly to people outside Canada. They are probably all good businessmen. But we feel that as a matter of the good, practical running of the country, institutions of this type should always remain under Canadian control.

As other hon. members have pointed out, these institutions are often small in the beginning—though I notice that this one has a capital of $5 million. As they continue to

operate in the community they acquire substantial assets. Trust companies, in particular, are now spreading out into the banking field in Canada and taking deep root in the monetary community. I recall that in the last parliament we had a measure before us seeking to incorporate the Allstate Life Insurance Company. Objections were raised then to the effect that this company, from its inception, would be 87 per cent owned by a United States company. We objected to this at the time and asked that consideration be given to revising the capital set-up so that the controlling shares would remain in Canada. This suggestion was enthusiastically received by the sponsor of the bill, and I understand consideration was being given to that proposal. However, parliament dissolved and we were not able to revive that measure. I know this is a reasonable proposal, and perhaps it would find favour with sponsors of the present measure.

What we are discussing here goes to the root of the Canadian economy and to the main problem facing it, which is the continuing drift of Canadian resources into hands outside our borders. It is not necessary, I am sure, to repeat the difficulties which this creates for a community—the problems of planning and the handicaps to the intelligent running of our economy. I think it is true to say there is no country in the modern world which has permitted as large a proportion of its natural resources to be controlled from outside its borders as has Canada. That is why we are trying to serve notice that in all these bills we are anxious to see that safeguards are built in to see that at some time in the future control of policy and shares will not pass into hands outside Canada. It is often said that by taking this attitude we are limiting the desire of people outside our borders to invest in Canada. Of course, no one wants that to come about, because capital from outside sources is still needed. However, examination of the capital available in Canada indicates that this fear is exaggerated. Many sources of development capital are available within our own borders, but no real attempt has been made to marshal this capital. We are told that a measure will be brought before the house designed to meet this difficulty. If that is true, and if the necessary capital funds are made available, we need have no fear about building into measures of this kind the safeguards which spokesmen for our party are suggesting this afternoon. If the capital is available in Canada there need never be any fear of getting into difficulties with groups outside the country.

These are all the observations I have to make at this time. As I say, we do not want to delay the measure unnecessarily, though we do wish to emphasize to other members who are sponsoring these pieces of legislation that we intend to do every thing we can within the rules to ensure that financial institutions and corporations set up by this parliament will be so established that the control of their policy and assets will remain in the hands of Canadian citizens in perpetuity.

Mr. Basford: I wonder if the hon. member would permit a question?

Mr. Scott: Certainly.

Mr. Basford: In line with the principles he has been enunciating, would the hon. member favour the control which prevents international and United States trade unions controlling Canadian locals by way of the trusteeship provisions in the constitutions of these international trade unions?

Mr. Scott: Mr. Speaker, I trust that if I can take half an hour to answer this question you will not rule me out of order on the ground my observations are not pertinent to the bill under discussion. It is another question entirely.

Mr. Cashin: I suggest that the hon. member would not be able to last half an hour, as it is now eight minutes to six. I think that is obvious.

Mr. Scott: If the hon. member is challenging me to do so I will certainly make the attempt.

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

Mr. Scott: No, Mr. Speaker, I am answering the hon. gentleman's question.

Mr. Clancy: Hurry up; time is running out.

Mr. Scott: The hon. gentleman asked me some time ago, having regard to our submissions on the bill, whether I would comment on the degree of control exercised over Canadian unions by United States counterparts. In answer to him my first submission would be that this degree of control is greatly exaggerated; that Canadian unions over the years have increasingly developed their own autonomy within the international structure; that the actual degree of control exerted over Canadian unions is exaggerated out of all proportion to the true situation. There are, of course, some international unions which exercise a very marked degree of control over their Canadian counterparts. Speaking for myself, I would be just as opposed to that as I would be to Canadian companies being controlled by outside companies. I do not think you can blow hot and cold; if you are asking that the business community be freed from exterior influences, I think it follows

that other sections of the community must similarly be freed from exterior influences.

Mr. G. D. Clancy (Yorkton): Mr. Speaker, this is the first time I have spoken in the house. I will dispense with the usual formalities; you can take them as read.

I have listened with great interest to preceding speakers talking about something which I am not too sure they know anything about. When they were pinned down on the difference between unions and private business they were not too sure of themselves. A budget has been put before this house and in the budget we have control over foreign investment. I suggest we report the bill, Mr. Speaker.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, it was not my intention to speak on this bill to incorporate the Standard Trust Company, but sitting here and listening to the lucid arguments of the handsome members for Timiskaming (Mr. Peters) and Skeena (Mr. Howard), and the very intelligent presentation by the hon. member for Danforth (Mr. Scott), I am moved to speak on the bill. It is not good enough for the hon. member for St. Paul's (Mr. Wahn), in introducing the bill, simply to say that he is willing to answer questions, or to sit there with a bland and beatific expression on his face while debate takes place on this bill. This bill is of such importance—it is only a small bill but we are discussing a principle—that the members of this house are entitled to a full explanation of the historical background, which was dealt with at some length by the hon. member for Timiskaming, the developments since, all the circumstances surrounding the incorporators of the company, and the ownership, the purposes and the motives behind its incorporation. I am sure we are not going to be satisfied until we have had a complete explanation from the hon. member for St. Paul's with respect to all the problems and questions raised by the preceding speakers from this group.

I notice, Mr. Speaker, that the hon. member who preceded me is looking in this direction, and I thought I heard him say something to the effect that we did not know what we were talking about. I am a little under the impression that at this time the hon. member himself does not know quite where he is.

Mr. Clancy: Mr. Speaker, I am quite willing to withdraw that remark, but you cannot stop me from thinking.

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

Mr. Herridge: No, Mr. Speaker, I had not concluded. I have not had my 20 minutes yet.

[Mr. Scott.]

This is an important bill. Mr. Speaker, I looked up the record—I got some material hurriedly as the debate went on—and I found that this company, if it is incorporated, will have the third largest capital of any trust company in Canada. The bill provides for $5 million, and there are two other companies which have a capital of $10 million. This sum represents a very considerable corporation which will do a considerable amount of business if its incorporation is secured.

In my opinion, Mr. Speaker, it is our responsibility to make certain that all is in order with this incorporation and that we in this house begin to practise what we preach, which is to make certain that there is Canadian ownership and control over this corporation. In this connection I want to quote from a book I have been reading recently called: "How they sold our Canada to the U.S.A.", written by Mr. Andrew Lamorie. On page 49 I find a very interesting comment. Paragraph 12 says:

> Newest American device is to set up "investment trusts" in Canada. Such a trust does no real investing or developing itself, but purchases large blocks of stock in Canadian producing companies. American owners of the trusts, no matter how much profit they make, pay no taxes. They are even permitted to take their profits and buy up more Canadian holdings—on and on, indefinitely, building a pyramid of Canadian wealth owned entirely by Americans.

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business having expired, the house will resume the business which was interrupted at five o'clock.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

The house resumed consideration in committee of the following resolution—Mr. Pickersgill—Mr. Lamoureux in the chair:

> That it is expedient to introduce a measure to amend the Atlantic Development Board Act to increase the number of members of the Atlantic development board from five to eleven; to establish as a separate account in the consolidated revenue fund an Atlantic development fund to which shall be credited the sum of one hundred million dollars to be used for the purpose of financing or assisting in financing programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available; and to provide that the said act shall expire on the 24th day of January, 1969; and to provide further for certain changes in connection with the administration of the said act.

The Chairman: It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Brewin: Mr. Chairman, before the house took up private members' business at five o'clock I was explaining the reasons why members of this party support the resolution and why they will be particularly interested to see the actual legislation proposed. I explained that the first amendment to the act provided for by the resolution followed in effect an amendment proposed by this party in the last parliament, and that in our view the increase in the size of the board from five to 11 members would enable the board to be more representative and therefore a more effective planning instrument.

I also said that the other proposal in the resolution, namely that a fund of $100 million be used for financing projects approved by the board, in our opinion filled a gap in the former legislation. I pointed out, however, that even though the Secretary of State and the hon. member for Antigonish-Guysborough both said that the fund of $100 million was only a supplement, we in this party seriously doubted its adequacy. After all, this sum of $100 million apparently is to be spread over approximately six years and to cover four provinces and we think the amount is small enough.

It is our view, Mr. Chairman, that adequate capital expenditures are essential if the economic planning for the maritimes is to be on a scale that will enable these provinces to reach permanently a situation of economic welfare on a parity with the rest of Canada. To put it another way, what is needed is not just a minimum sum for some sort of bailing out operation but a considered estimate of the full resources needed to finish the job. Perhaps the board itself in the course of time will make a report to be brought back to this house showing what the scale of such capital expenditures should be in order to do the job, because it is our view that it just is not good enough to do half a job. Half a job is very little better than no job at all and we want to ensure that when this economic planning is carried out it is carried out on a scale that will be genuinely effective. If we are not going to do a real job, let us not even pretend that we are going to do it at all.

In our view there are other gaps in the resolution that we hope will be repaired in the legislation or in the course of the passage of the legislation through the house. For example, we feel that there should definitely be a full time chairman at least, and perhaps other members of the board should be full time. The proposal to have a major planning instrument composed of, be it five or 11 or 15 busy men who only meet occasionally, is in our opinion to ensure—and this, I think, was the view expressed by the member for Antigonish-Guysborough in the last session—that the board will not accomplish very much. I have a passage in *Hansard* where he expounded his views on this matter and I should like to read it, because his views then express the views that we have now. I regret that he does not seem as yet to have persuaded the government to accept them. He said, as found on page 2382 of *Hansard* for December 6, 1962:

> —I for one would be less than frank if I did not express the mixture of uncertainty and disappointment which I felt when I first studied the bill. In the first place the government—

He was referring, of course, to the previous government.

> —does not seem to have appraised accurately the seriousness of the problems of the Atlantic area, or to have appraised accurately the scope of action that will be required to deal efficaciously with these problems. It provides for an unpaid board which is to meet once a year. It is true the chairman is to receive an honorarium of $3,000, and it is also true that the board can meet more frequently, but that is what is laid out in the bill itself, and to me this suggests that this board is not expected to accomplish very much.

It is still our view, Mr. Chairman—whether it is still the view of the member for Antigonish-Guysborough I am not sure—that it is essential if this board is to function effectively that at least the chairman and probably some other members should have full time jobs. I recall that in the last house the former member for York South referred to another planning measure that was introduced, and which provided for part time voluntary membership on the board, as a cocktail time planning board. We feel that if this task is to be tackled seriously, then indeed it should be a full time board; or if not all of the 11 members, then at least a substantial number of the members should be on the job full time and devoting their whole energies to it.

I more or less apologized, Mr. Chairman, when I started to speak on the resolution this afternoon for getting into the debate when I do not represent a maritime constituency. If I did apologize, I wish to withdraw any such apology because my constituents, although they are in Toronto, are deeply concerned about the economic welfare of all Canada, and I think we have to look at this matter as Canadians. We have to be ready to take whatever effective steps by way of economic planning are necessary, and I may say that we in this party will do all we can to ensure that the legislation when it is brought in is given

effective consideration. We will very likely suggest amendments to make it more effective, and we hope that it will turn out to be a worth-while planning instrument in order to give a long overdue measure of fairness and economic justice to the maritime provinces.

Mr. Coates: Mr. Chairman, in my opening remarks may I say to the hon. member for Greenwood that as a member from the Atlantic provinces I certainly welcome any remarks he may wish to make that may be of assistance in making our area a better place in which our people can live. Certainly we welcome remarks by any member from any part of Canada. We hope that all Canadians are aware of the problems of our area and are interested in eliminating them as quickly as possible.

In this regard I think you have to look at the proposed amendments to the Atlantic Development Board Act very carefully. I may say that I looked forward with anticipation to the remarks made by the Secretary of State last evening, when he outlined in his short dissertation what he felt would be the result of the amendments to the Atlantic Development Board Act.

May I say that I was amazed, truthfully amazed, when the Secretary of State put on *Hansard* last evening the letter he had written to Mr. Wardell, the chairman of this board. It was, in my opinion, a tremendous affront to the chairman of a board established by the government of this country during the last parliament. Even more than that, Mr. Chairman, I was amazed, knowing the great ability of the Secretary of State when it comes to political strategy, at the inept effort to destroy the effectiveness of the outstanding men we appointed to this board during the last parliament. Usually one of the great tributes paid to the members from the Atlantic provinces is their ability to know practical politics as well as any group of members in any part of Canada.

Now, Mr. Chairman, one did not even have to be a member of this house to see through the amendments the Secretary of State has placed before this house. All one has to do is to read the article by Charles Lynch in tonight's Ottawa *Citizen* which carries the headline, "Atlantic board chairman gets ouster with finesse". Well, I do not know how much finesse the Secretary of State used, but I thought it was about as blatant an act as could possibly be perpetrated on a citizen who is so highly regarded in the Atlantic provinces, a man who has given his all and who has asked for nothing from our area.

I understand that there are some members of the Liberal party who are not very happy with Mr. Wardell. They say that he is a political partisan. Well, Mr. Chairman, here is the latest edition of the *Atlantic Advocate* and all may see the picture of the gentleman on the cover. He is sitting in the gallery now, and I do not believe he could be pointed out as a Conservative.

Mr. Stewart: Could we have the name of the publication and the date?

An hon. Member: What is the name of the person?

Mr. Coates: It is Premier Smallwood. When you look inside, you find a very lengthy story about this gentleman from Newfoundland.

Surely, Mr. Chairman, there must be some other reason the Secretary of State wants to cut off the head of the chairman of the Atlantic development board. It cannot be merely because he is a partisan Conservative. I am sure he would be willing to recognize that. Perhaps the reason can be found in the article, something that Brigadier Wardell had to say about the former government and what they anticipated when they appointed him. Perhaps it was this expectation that was the reason for the suggested enlargement in the membership of the Atlantic development board. This is what he had to say:

> Indeed, I always felt that the very fact of my appointment was evidence of the previous government's intention to go the whole way in the application of the remedies—

The remedy he is talking about here is not this $100 million. He is talking about $4 billion. I say that $100 million is a piker's approach to the problems of the Atlantic provinces.

Mr. Rideout: Why did you not say so last year?

Mr. Coates: Because I did not have to say so; we had the treasury of Canada behind us. Brigadier Wardell went on to say this:

> I have campaigned for years to demonstrate the formidable scale of attack. I, and the publications I control, have always been completely independent politically. I should have been the last person the government would have chosen if they were not meaning to carry the policy through to its ultimate conclusion.

What better evidence, Mr. Chairman, than the words of the man we appointed to be the chairman of the Atlantic development board that we were going to spend a billion dollars in the next ten years if we had remained the government?

Mr. Rideout: Why did you not put it in the bill?

Mr. Coates: We did not have to put it in the bill. We had the federal treasury available to the Atlantic provinces, all the money for all the projects that you could possibly anticipate. Since the hon. member is talking

about money, I might ask him: what is $100 million going to do for the Chignecto complex when it would take $350 million to build the dams alone? Are you willing to support the construction of the Chignecto complex and the Chignecto canal? The hon. member is shaking his head. He does not support the construction of the Chignecto complex.

Mr. Rideout: Not out of these funds.

Mr. Coates: I am glad to hear the hon. member for Westmorland say he does not support it.

Mr. Rideout: Not out of these funds.

Mr. Coates: That is quite a revelation; it will be quite a revelation to the people of Westmorland. This is all the more reason for feeling that the Chignecto canal committee should meet, and meet early to find out what this government is going to do with this project, now that Liberal members are standing up and saying they are opposed to it.

Mr. Rideout: Why did you not do something about it?

Mr. Coates: I should like to know what more I could have done, unless it was taking a spade and going out and digging the ditches myself. I would have been willing to do that if I thought it would have accomplished anything.

Now, Mr. Chairman, we have had some very helpful remarks from the members on the opposite side. I hope we will have some more. I look forward—

An hon. Member: Speed it up a little.

Mr. Coates: The gentleman says, "Speed it up a little". I say to him that he will not say, "speed it up a little"—

Mr. Rideout: Yes, we will.

Mr. Coates: If you can speed up anything that would accomplish something for the Atlantic provinces, rather than the destruction of the Atlantic development board, then I will be happy to hear from you. Until then, I suggest perhaps you should stand on your own two feet, do your own talking and put your own proposals before this house.

Now, I should like to make a few comments on this letter the Secretary of State wrote to the chairman. I quote from it, in part:

> The board will have the responsibility of recommending the expenditure of this fund and of supervising such expenditures, but the final approval of each capital project rests with the government.

I would like to ask the Secretary of State just how these projects will finally be approved? Will it be by the cabinet or the House of Commons, or by the premier of Newfoundland? If it is to be by the cabinet, then let's face it: all we are doing is providing a patronage fund of $100 million for the Liberal party in the Atlantic provinces, and I do not think anybody in the Atlantic provinces wants that sort of set-up.

There are other questions I would like answered. I would like the Minister of Labour to say whether he approves of the demotion of Frank Sobey, who was vice-chairman with a four year appointment, to an ordinary member for one year? I would like to know whether the hon. member for Antigonish-Guysborough approves of Frank Sobey's dismissal from the board, because that is what it is. I would like to hear from the other members from the Atlantic provinces to know if they approve of such actions.

This is the lowest type of political partisanship that could possibly be found anywhere, and I feel that the Atlantic provinces deserve something better than that. If that is what we are to look forward to receiving from the Liberal government then, while the hon. member for Antigonish-Guysborough pointed out that they had 20 Liberals from the Atlantic provinces last time, I venture to say they will have none when the next election comes around.

There are many other aspects of the measure that are of particular importance to hon. members from the Atlantic area. I should like to know whether the Secretary of State has consulted and personally written the various members of the board to tell them their term was going to be reduced to one year. I realize he has written the chairman, and the chairman is aware of this, but I would like to know if the other members have been advised.

I would also like the Secretary of State to inform me whether he is planning on advising the provincial governments about the six further appointments that are to be made to the board, something which he suggested in the last parliament we should do. I would also like to know if the Secretary of State really believes the gentlemen we appointed, the ablest men available in the Atlantic provinces, are not just remaining on this board because they do not want to get into a public fight with the government of the day over its political partisanship. I believe they are too fine a group of gentlemen to say to the government just how contemptible an act this is. You, know, Mr. Chairman, I find it hard to think of a word sufficient to describe how low an act it is and still use parliamentary language.

Mr. Bell: How about the word "Liberal"?

Mr. Coates: The word Liberal probably describes it just as well as any that could be

found. Fifty or sixty years ago this type of attitude might have been acceptable, but it is not the type of approach we look forward to in the Atlantic provinces now. We look forward to the type of approach that will get us the ablest men it is possible to find, no matter what their political beliefs might be, and band them together to do the very best they can for the area. And, Mr. Chairman, it is quite a job, even when we do find the ablest men.

We have a big task before us. It has been indicated it will take $4 billion to bring the Atlantic provinces even close to the level of the richer provinces of the country. It is felt that $1 billion should be injected into the maritime economy within the next 10 years, and if this $100 million which the Secretary of State suggests as a fund were available each year, then I would say we would have a pretty satisfactory fund and we could not do very much arguing about it.

I do not like the principle of giving moneys to boards. I do not like the principle of taking the power away from parliament, of selecting the means by which public money is spent, even if it were $100 million a year. But, Mr. Chairman, it is not $100 million each year for the next 10 years. It is $100 million for six or seven years, and it will probably be five years by the time they get the board working. After that time the government will kill the board, as the former minister of national revenue said. The Liberals are going to bury it, and now they will have six Grit pallbearers to go along to the funeral.

One hundred million dollars is an infinitesimal amount of money when one looks at what the former government did when it was endeavouring to lift up the economy of the area. In Atlantic adjustment grants alone we provided $275 million. There were many other acts by the former government. The hon. member for Victoria-Carleton mentioned the Atlantic Provinces Power Development Act, and there was the Beechwood act. There are many examples where we poured millions of dollars into the economy of the Atlantic provinces, but it still requires hundreds of millions of dollars more. It will not get them from this board.

There has to be some other approach to this matter if we are really going to get the type of incentive, the leap forward, which the Secretary of State spoke about last night. We are in low gear with $100 million, and we will never get out of low gear if we only have $100 million. Last night the Secretary of State told me that the government is providing more money under the Trans-Canada Highway Act. I think that is just great. Certainly I am not against it in any way, shape or form.

Mr. Pickersgill: I did not think you would be.

Mr. Coates: But at the same time, Mr. Chairman, this is available to every other province in Canada.

Mr. Pickersgill: No, it is not. The hon. gentleman surely knows that the 90 per cent is available only to the four Atlantic provinces.

Mr. Diefenbaker: What about B.C.?

Mr. Pickersgill: It is available only to the four Atlantic provinces.

Mr. Diefenbaker: What about B.C.?

Mr. Coates: He says no.

Mr. Pickersgill: Evidently hon. gentlemen opposite did not even bother to read the supplementary estimates that they passed a fraction of the other day.

Mr. Coates: It has always been my understanding that there were other provinces that were going to receive this assistance other than the Atlantic provinces, but I am very happy to hear this, and I am very pleased to hear it. I only wish that the Secretary of State would come in and make concise statements to the house on these matters, rather than having to provide the information through interjections.

This is wonderful. We will accept the assistance no matter how it comes. But it would be much better if the Secretary of State made statements that were not so mixed up and people could understand them. Certainly British Columbia is going to be surprised at not obtaining this assistance. If this money is only available to the Atlantic provinces, that is wonderful; it is another example of the way in which we are going to be helped. But what province is really going to be helped? We all know the answer to that question. It is the province for which the Secretary of State happens to be a member. Is it also going to be that way with the Atlantic development board? Is all the $100 million going to be funnelled into the province of Newfoundland? Is the minister going to see that this money is broken down on a per capita basis? Perhaps he could answer that question later. I hope, since we were able to work out a very amicable agreement between the four Atlantic provinces with regard to the distribution of the money under the Atlantic adjustment grants, that similar grants will be forthcoming which will be helpful to all four provinces on a per capita basis.

I think the Secretary of State owes the Atlantic provinces an explanation with regard to these six new appointments. The hon.

member for Greenwood mentioned the fact that last year the Secretary of State and the Liberal party voted against an amendment proposed by his party to enlarge the Atlantic development board. He says he is glad to see they have come around to his party's way of thinking and are going to enlarge the board. Let me inform the hon. member for Greenwood, if he is so naïve as to think that the suggested amendment of the last parliament is the reason for the amendment that will now enlarge the board, that the only reason for the proposed amendment is that the Liberal party is the government of the day and they are going to look after six of their followers. There is no better reason than that.

Mr. Pickersgill: Mr. Chairman, the hon. gentleman seems to have patronage on the brain.

Mr. Coates: There is a very good reason for my having patronage on the brain, because I know who will appoint and who is going to be running the Atlantic development board. There is no better reason in the world than the examples we have had that the hon. member has patronage on the brain and is in a position to do something about it.

Mr. Bell: Where is the brain?

Mr. Coates: The hon. member for Saint John-Albert is less kind to the Secretary of State than I am. I think he has some brains, but he thinks the people in the Atlantic provinces have fewer brains than they in fact have, otherwise he would not have brought in this type of resolution to enable him to do his political partisan work. I think I have said enough on this occasion, Mr. Chairman.

Some hon. Members: Hear, hear.

Mr. Coates: I can well understand that they do not like it when they hear the truth. It is too bad the Minister of National Health and Welfare is not here to lead them on another crusade for the truth, but unfortunately it is the type of truth that has the political partisan bias that we are getting in sufficient amounts in the legislation that has been proposed today.

Mr. Lloyd: Mr. Chairman, during the debate this afternoon and again this evening a number of official opposition members have challenged Atlantic provinces members to make known their position on the proposed amendments to the act which established the Atlantic development board. I trust that in making known my position I can do so with the dispatch that I am looking forward to and that I am sure all hon. members would like to see attend the passage of these amendments in order that we may get on with the job. My opinion can be expressed in this way, and I think it is one that is widely shared in the province of Nova Scotia. The composition of the present board does not provide the practical representation of areas and skills—despite what hon. members opposite may have stated in this house today—essential to a balanced development program throughout the entire Atlantic region. By increasing the number of board members we provide an opportunity to correct this existing weakness which is apparent to anyone who is knowledgeable about the skills available in the Atlantic provinces. Indeed, it is only making invidious comparisons, which contribute nothing to this very essential undertaking at this time, to indulge in loud protestations about the skills of this or that individual.

We know how Industrial Estates operate in Nova Scotia; we know it is supposed to be and is in fact a non-political organization. We would like to see this board maintain itself in the same way. I think we can ensure this by increasing the number of members on the board. The provision of funds is the other essential feature of these amendments. This action inspires confidence that the social capital investment recommended by the board from time to time will not be sidetracked or delayed for some alleged austerity program or some other reason. The $100 million fund is a bond of good faith to encourage the maximum effort of the strengthened board in accomplishing its objectives within a reasonable time, and I trust that time will start within a few minutes this evening.

Mr. Macquarrie: Mr. Chairman, I am happy to speak on this measure, the first move designed and put forward by this government to cope with the special problems of our Atlantic region. I am happy to have heard those who have spoken. I would like to say to the hon. member from Greenwood that we maritimers welcome very much the contribution he made and the interest he showed. I welcome, too, the penchant for alacrity which the hon. member for Halifax has displayed this evening. Knowing his party, and being one familiar with its dealings with the maritimes for a quarter of a century, I find this a wholesome change.

I think the hon. member for Victoria-Carleton this afternoon, set a fine tone for this debate. He avoided partisanship, and indeed I think he went to extreme lengths in revealing the faith which he held for some of his fellow men who were not of his political party. I refer to his statement about the non-partisanship of the Secretary of State and his confidence that he would not even be partisan in a geographic sense, let alone a political one. The hon. member for Victoria-Carleton is

older and wiser than I. He may even be right. But I still commend him for his faith. If any argument had to be advanced to indicate that the maritime region was grossly and shamefully neglected by the party in power between 1935 and 1957 in this country I would call as my first witness the leader of the Liberal party in the province of Prince Edward Island, a former premier of that province, who said "The St. Laurent government did not give us half a deal; Prime Minister Diefenbaker could do it. Why couldn't he?" Premier Matheson will remember very well the time when our little province was facing acute problems. The legislature was adjourned to allow him to come up to Ottawa to talk to his friends in the Liberal government and appeal to them for aid. He found that aid was not forthcoming. It would not be accurate to say he returned empty handed, because he did not. He returned with a bill for something like $1,250,000 which our little province owed to the dominion government because of some miscalculation in the dominion bureau of statistics—they had predicted we would be more fruitful and prolific than in fact we proved to be. The generosity of the dominion government was shown to this extent—that instead of having to pay the $1,250,000 in one fell swoop they allowed our little province to pay it back in five instalments. It reminds me of the farmer who, when advised by a veterinarian that he must cut off his dog's tail said he could not bear to do it all at once but would cut off a little bit every day.

Through the years this house has heard the pleas of the maritime representatives calling for a better deal. At times some of our political leaders became extreme in their views. They became so disturbed by the injustice of the situation that they suggested a political course of action which would have brought about the departure of certain parts of the country from confederation had that been possible. A notable example was when a former Liberal premier of Nova Scotia, the Hon. W. S. Fielding, rose to power in a repeal movement in 1886. He ended, of course, as a member of the dominion cabinet.

We in the maritimes have seen the fulcrum of economic power and advantage move ever further from us. I agreed with the hon. member for Victoria-Carleton when he said this afternoon that we do not want anything at the expense of the rest of Canada. I think, however, we can say that the prosperity of other parts of this country has in some measure at least, been derived from the disadvantages which we have had to endure for so long.

One has but to look over the record of the debates of this house and to have a mere nodding acquaintance with history to know that on many occasions the needs of the maritimes have been bypassed. I was reading not long ago the record of the debates of 1912 when there was a great discussion about the northern territories, the resources of those territories and the extension of the boundaries of certain provinces. And Mr. Robert Borden, the leader of the Conservative party, reminded the house that there were other provinces which did not have northern territories but which had rights and claims.

We know how down through the years we have educated our youth and they have gone elsewhere. The story of maritime rights and maritime claims is not a new one. I shall not put it on the record again tonight. It is not for us here to relive past agonies and rekindle old grievances. Positive action and advancement to redress old wrongs is what is needed. I say with the greatest sincerity and with the greatest pride that no government ever moved so swiftly or so effectively to strengthen the maritime economy as did that government which took office in 1957. The Atlantic Provinces Adjustment Act was the first measure of aid and it was enacted within months and followed a commitment given by the Conservative candidates of the Atlantic provinces when they met in May, 1957, in Moncton. These commitments were honoured by the government in power. It is little wonder that at that time the leading Liberal organ of the province of Prince Edward Island, *The Patriot*, said about the adjustment grants:

> The truth of the matter is that this belated recognition of this island's fiscal need was long overdue by the government of Canada and that this province and the other Atlantic provinces as well are only now being treated a little more like the part of Canada that they are and less as poor relations.

This, I think, expressed the sentiment of the whole region.

Mr. Fisher: What about term 29?

Mr. Macquarrie: If the hon. member on my extreme left wants to look at the history of Newfoundland he will find that it was well treated by that same government.

After this measure of redress, and many others, the former government set up the Atlantic development board. There were improvements in our transportation system, new developments in our national parks and many other aspects of justice—I will not say generosity—on the part of a sympathetic and understanding government. We were given a new opportunity to engage in a program of self help. This was accomplished especially through the Atlantic development board, a fine piece of legislation which greatly cheered

the people of the Atlantic region and offered us new hopes and brought before us new vistas of opportunity.

I am not one who will say that because of the great things which were done between 1957 and 1963 all the ills of the maritimes have been cured. Far from it. We still have grievances. We have an average income lower by one third than the rest of Canada, double the unemployment and half the capital investment per capita. Therefore it is not surprising that even this government should take a special look at the problems of the Atlantic region, the oldest part of the dominion.

Someone said tonight that it was vain and futile talk to be assessing the personalities on the board. Leadership in the maritime provinces as elsewhere results from the human potential. The board which was set up was a fine board. For years, we in the maritimes have exported our able people. We have educated some of the finest scholars in the world and because of the lack of opportunity at home they have had to go elsewhere. It used to be a saddening exercise to look over the calendars of the universities in this country, in the United States and Great Britain and find hosts of maritimers there. A short while ago we had a reversal of the process. In Brigadier Wardell we found a man who came into the Atlantic region, saw these problems were solvable by united and vigorous action, and used the power of the press and the power of his own magnificent command of language to galvanize the thinking of people in the Atlantic region. And when he found a sympathetic response in a government which saw the facts of the maritimes clearly and was prepared to do something about them, he was given an opportunity to render great service. Now we discover that this man with his great comprehension of our problems, with his dedication to the solutions of these problems, is to be allowed to stay on the board as a member of the board for a couple of years. The hon. member for Cumberland, one of the outstanding members from the Atlantic region, referred to this famous letter from the Secretary of State. I will not read it again but I should like to refer to just one sentence:

> The effective use of the fund will clearly require a close harmony of view between the government and the board and especially the chairman.

Thinking back, Mr. Chairman, over some of the events of the last few years I say that that is an ominous sentence, not only for Brigadier Wardell but for the Atlantic region.

Mr. Pickersgill: Does the hon. gentleman think that a lack of harmony between the board and the government would be a good thing?

Mr. Macquarrie: Mr. Chairman, knowing the Secretary of State I would be very cautious of the suggestion that a lack of harmony would be innocent. I will read the sentence again.

Mr. Pickersgill: It is always a good idea.

Mr. Macquarrie: If I were commanded in such a way as to the virtues of close harmony between the Secretary of State and myself I would be very leery.

Mr. Pickersgill: I can promise the hon. gentleman that if he will resign his seat I will be delighted to recommend to my colleagues that he be appointed to the board.

Mr. Macquarrie: If the hon. gentleman is after my seat I think he would have to offer me at least a senatorship. I thought he was going to say that if I resigned my seat he would contest it, and I think without the protecting armour of the premier of Newfoundland he would not do too well. If he wants to make the try I will make the resignation.

We have also on the board, Mr. Chairman, a distinguished representative from Prince Edward Island, Mr. Melvin McQuaid, the former provincial treasurer. When it is considered that he became provincial treasurer of a government which followed 24 years of Liberal administration and made a magnificent job of his task, I would say that he is pretty special and that a man like that would be a distinguished member on any such board. Mr. McQuaid would have to be classed, I would think, as a Conservative. The rest of the members of the board are Conservative appointees, that is true, and for this sin they are to be overwhelmed and smothered by six others. I will not refer to Mr. Sobey. His reputation in the industrial field and the progress achieved in Nova Scotia needs no adornment from any orator in this house or any member of either side of it. We are very proud of the director, the economist from Prince Edward Island who was brought in, Dr. Weeks.

You will have heard, Mr. Chairman, in recent days about the Bay street irregulars who have been assisting the Minister of Finance. I have not heard any mention of a specialist in the Atlantic economy or its problems being brought in, and having read some of the writings of the Minister of Finance I would have thought that this was the very area in which he most needed assistance and guidance. Having read the budget I am more convinced of that than ever. However, it is not for me to discuss the budget tonight. I will say only this, that the type of people appointed to the Atlantic development board did not deserve the kind of treatment they

are about to receive through the enactment of the legislation, the resolution of which is before us.

I do not think anyone will be greatly comforted by the assurance of the Secretary of State that Mr. Sobey, and I presume even Mr. McQuaid, will be eligible for reappointment under the tender mercies of this government. I should have thought that such able men who were prepared to take on this important duty on behalf of the Atlantic region should have been encouraged and told to carry on and go forward in their good work regardless of the political complexion of the government which appointed them. These men are taking on, and were prepared to take on, a major task, a task which has been challenging the Atlantic region for years and years, and I deplore this eager anxiety to smother, not a Conservative board because you could not call it that, but a Conservative-appointed board. And no one has yet advanced an argument which has convinced me that six more will make the board more representative. It will, I admit, make it larger, but not necessarily more representative.

My colleague from Cumberland and others have discussed this figure of $100 million. This sum of $100 million is offered as against nearly 100 years of neglect and injustice. If anyone feels that this will make a monumental impact upon the shrewd people of the Atlantic provinces, he is harbouring a dangerous delusion. A more realistic figure would be $4 billion. The former government was realistic and so deeply interested in the region that they did not lay down any ceiling on the amount. Not only is there a ceiling on the amount but there is a limitation on time as well. The limit is 1969, which gives five or six years to do the job. I do not think anyone will be taken in by this. I do not think anyone seriously believes that the great problems of the maritime provinces can be met, even if all these six people came from Bay street, in so short a time with so small an amount of money. All I will say—and like the Secretary of State I like to be non-partisan about these things—is that while I am deeply disappointed, and I am afraid the people I represent will be discouraged, I will have to concede, considering the record of this government when it was in office before, that this is better than nothing, that is true. But it is not as good as was done before, and I submit, Mr. Chairman, it is not nearly good enough.

This strikes me as further evidence of the approach to great problems in this country which has already begun to characterize this government. It is a mere tinkering with the problem. The budget which will be discussed is another exercise in tinkering. A tremendous façade is built up suggesting that a great new Atlantic board is being set up. I predict that after careful examination it will not only be revealed as tinkering but as bothersome and unhelpful tinkering as far as the economy of the maritime and Atlantic provinces are concerned.

Perhaps this is not too surprising. We never expected too great a kindness in the Atlantic region from this government because we remember some of the books written by the Minister of Finance and the statements he made before he wrote "Troubled Canada". We remember his recipe for maritime prosperity in those days—a little assistance to move us up to some other part of Canada. That was the recipe for the maritimes. This is not, nor never was, the attitude of this party. In 1956 the problems of the maritimes were discussed in this house. The leader of the Conservative party said at that time that "a full recognition of the moral obligation due to the Atlantic provinces, and a just arrangement with those provinces, is long overdue merely as a recognition of what was said at the time when those provinces came into confederation." This is where we stand, Mr. Chairman, and while I have no intention to obstruct, delay or hamper this tinkering effort, I will say again that in order to come close to their predecessors the government of the day will have to do much more.

(Translation):

Mr. Ouellet: Mr. Chairman, in the speech from the throne of September 27, 1962, we find on page 8 of *Hansard* a paragraph which reads:

> You will be asked to authorize the establishment of an Atlantic development board to advise on measures and projects that will promote the economic development of the Atlantic region of Canada.

On November 19, 1962, the minister of national revenue of the day moved:

> That it is expedient to introduce a measure to establish an Atlantic development board and to define the duties thereof, to provide for the appointment of the chairman and other members of the board and for the payment of certain expenses of the members thereof, to provide for the appointment of an executive director of the board and for the payment of his remuneration, to provide further that the board may engage the services of such advisers and staff as may be necessary to enable it to carry out its duties and to provide further for other related and incidental matters.

And in December 1962, Bill C-94 received royal assent and became the Atlantic Development Board Act.

The resolution before us today is the sequel of appropriate legislation passed during the last session. This provision was invoked at the time as resulting from the report of a commission of inquiry on the economic prospects of Canada, which had been submitted in 1957. This was followed by five years of indecision, or even resistance, with regard to the protection and welfare of the Atlantic area.

Under defining clause 2, the term "Atlantic region", means the region comprising the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

I admit that this area requires special attention and study, particular measures and care. To this end, every one of us must give conscientious thought to the projects needed to increase, as far as possible, the standard of living of the people of that area which has been neglected for too long. I feel bound to point out at this time that the population of the lower St. Lawrence river, of the north and south shores and of the Gaspe peninsula should be considered without hesitation as part of the Atlantic area, when Bill No. C-94 is being amended and when some changes are being made in the administration of that act.

We, on this side of the house, do not believe in and are not obsessed with out-and-out industrialization. However, our area is considered by too many as a mere supplier of labour for industrial production.

Mr. Chairman, I endorse the words used by the hon. member for Red Deer (Mr. Thompson) at the close of the speech he made in the house in that connection on December 4, 1962. Here is what he said on that occasion:

> I would say again that the greatest need of this Atlantic area is for public capital that will bring to pass those particular public development projects which are necessary and which will assist in laying the climate and clarifying a situation that will attract our own capital in order that this country can go forward and that this area will not remain the depressed area, not the area which is the recipient of charitable welfare from the rest of Canada but the area which can and will lead the economic recovery our nation needs as it goes forward to fulfil our obligations not only to ourselves but to the generations which are to come after us.

Mr. Chairman, I hope that some day, the Bank of Canada will have a social capital service to provide, to supply the capital necessary to meet the requirements of the Canadian people, and in such a way that there shall be no inflation nor deflation and that unemployment, which is the lot of a startling proportion of our labour force in the lower St. Lawrence, in the Gaspe peninsula and in the maritime provinces, shall be done away with forever through the good will of Canadian legislators. Do you not think that an economic problem, resulting from political policies, can receive a solution from the action of men animated by a constant desire to settle that problem?

The government has thought it necessary to raise from five to eleven the number of members on that board. I hope that all reasonable and equitable means will be taken to maintain the best men in their positions and that the increase in the number of members on that board will prove to be a refutation of political interference in the discharge of duties which go far beyond the temptation to make a political body out of such a board.

I wish that in the end we may come to a sound and healthy alliance between the various social elements in order to raise the people of the Atlantic area above their present financial and economic situation. It is our responsibility—all of us here share that responsibility and are aware of it—to change, transform or eliminate situations which aggravate the local people.

For a long time, as we all know, a complaint has been coming from the Atlantic area addressed to those who look after the business of the nation, and it is time now to act and to achieve the purpose of confederation.

As far back as 1926, the average income in the Atlantic area was 38 per cent lower than in the other Canadian provinces.

In 1955, our average income was still 37 per cent under the average for the other Canadian provinces.

To this date, in 1963, this problem has not yet been solved, even though I must admit that some individuals and institutions have to be commended for their efforts to solve it.

Is the economic development board determined to find a solution to those aggravating problems?

We certainly hope so.

(Text):

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, I can think of no better occasion on which to enter the debates in this chamber in this twenty sixth parliament than this one, when consideration is being given to a resolution providing for amendments to be made to the Atlantic Development Board Act. As a member from Cape Breton island, the industrial heart of the Atlantic provinces, I may say that we looked upon this board as holding forth the promised stimuli that the economy in our area must

have if we are to maintain that degree of growth that will provide sufficient employment for our citizens.

I listened with interest last evening to the explanations of the Secretary of State as to what he hoped the proposed amendments would accomplish. He did this in a very nice way, I must say, but I can only assume from his explanations that we will materially impair the operations of the board if the amendment to establish a fund of $100 million becomes a reality. One must compare this proposed fund with what is available to the board today. What we actually would be doing by establishing the fund is selling the resources of the federal treasury now available to the board for a maximum of $100 million, which is in effect placing a ceiling on the amount of federal participation in the Atlantic provinces over the next six years.

Even more alarming is the fact that the board is to expire forthwith on January 24, 1969, as has been mentioned by previous speakers and as indicated in the resolution. It is to expire, regardless of the fact the moneys in this fund may not be expended. This, however, is not a real danger. It is quite obvious that the funds that would be made available would easily be expended in a year and still not make the impression on the economy which, in the words of the Secretary of State, would result in a great leap forward. Indeed, experts who have made a close study of the needs of our area estimate that $4 billion would be needed over a period of ten years, with the federal treasury responsible for $1 billion of that amount.

If we were to use these figures as a guidepost, we would conclude that $100 million would be sufficient really for about one year. Instead, we find that the board has a fund of $100 million which will have to do for five years. Since it will take a period of time to determine which project should be proceeded with, and then a further period of time for this government to decide which project should be undertaken, we do not feel very hopeful.

The enlargement of this board obviously indicates a partisan approach to the selection of the members on the board. It can be expected, therefore, that this same partisan approach will apply in deciding which project will be approved.

Mr. Pickersgill: I wonder if I could ask the hon. gentleman a question?

Mr. Muir (Cape Breton North and Victoria): Yes.

Mr. Pickersgill: The hon. gentleman, like his predecessors on the other side, has made a great play of this partisan approach to the appointments to this board. Is this a reflection of a guilty conscience? Surely, the hon. gentleman would admit that if he thinks the appointments made by the previous government were not partisan there is no more reason to think our appointments will be partisan. What is more, I can assure him that they will not be.

Mr. Muir (Cape Breton North and Victoria): Actually, the very brilliant and amiable member for Bonavista-Twillingate did not ask a question, he made a statement. Certainly, I have no guilty conscience, and I am sure the hon. member for Victoria-Carleton who guided this legislation through the last parliament has not a guilty conscience, either. Could it not be that there was a little urge pushing the hon. member for Bonavista-Twillingate? Could it not be that his conscience was bothering him? No, we do not have any guilty conscience. However, I was glad to hear from the minister that there will be no partisan appointments. This is a good commitment, coming from the Secretary of State.

If I may continue with my remarks, I should like to say that we can look forward to the $100 million as the maximum amount to be spent in the Atlantic provinces over the next five years. This will mean about $20 million per year divided amongst the four provinces. Compare this, Mr. Chairman, with the Atlantic adjustments grants which provide $100 million over a four-year period and will provide $175 million in the next five years. This program was instituted by the previous Conservative administration. The Atlantic provinces finally received some recognition after 22 years of neglect. We hope this recognition will continue unless the present government reduces or eliminates the assistance now available to this area from those grants.

The other day we heard comments in this house from the parliamentary secretary to the Prime Minister which indicated that perhaps we can look forward to a reduction in the subvention on coal. I hope there will be a clarification of this situation in the near future. I do not wish to go into that tonight, but I will deal with it on another occasion. Incidentally, I believe, if my memory serves me correctly that the subventions paid on coal by the Liberal administration during the fiscal year we came into power were in the vicinity of $8 million or $9 million. This year they will be $17 million. We have a little bit of stability in the coal industry today as a result of what has been done in that field by the previous Conservative administration.

Compare what you plan on doing with the announcement by Industrial Estates and the

Stanfield government a few days ago concerning the location of a $12 million cement plant in Nova Scotia. Compare it with the $40 million pulpwood operation located in Nova Scotia. I wish the hon. member for Halifax would speak a little louder if he has anything to say.

Mr. Lloyd: May I direct my question to the hon. member? I thought the Industrial Estates was cited as being associated with Mr. Sobey and a non-partisan board. What has this got to do with the subject under discussion?

Mr. Muir (Cape Breton North and Victoria): What has this interjection got to do with it? Is not Mr. Stanfield the premier of the province of Nova Scotia, or are you aware of that? Is not Industrial Estates Limited a board set up by that government?

Mr. Lloyd: That is where it stops so far as the government is concerned.

Mr. Muir (Cape Breton North and Victoria): Oh, yes, but there has been great co-operation between this independent board, Industrial Estates, and the Stanfield government. They have done an excellent job. I will go on to explain to the hon. member for Halifax, who apparently has not got his hearing aid turned up or apparently is not getting through, that he should compare this with the Volvo car manufacturing plant located in Nova Scotia by the Stanfield government or the carpet factory which was mentioned by the hon. member for Victoria-Carleton this afternoon. One certainly does not have the feeling that the injection of this small amount of money is going to work economic miracles in the Atlantic area.

Mr. Lloyd: We compared these.

Mr. Muir (Cape Breton North and Victoria): The hon. member for Halifax made his great contribution for about two minutes, so I should like him to now sit on his brains and relax a bit.

I should like now to refer to Nova Scotia's representative, the vice-chairman of the board, Mr. Frank Sobey. I wonder if the hon. member for Halifax has anything against Mr. Sobey? I am glad he has nothing against him. If that is so, why did the hon. member not object in caucus to the Secretary of State because this legislation is practically giving this great man a year's notice, giving him a kick in the bottom. This is about the size of it. Why did the hon. member not object? Mr. Sobey is a man who has a deep love for his native province, Nova Scotia? Here is a man who is dedicated to advancing the economic interests of Nova Scotia. He is giving freely of his time and his great ability to promote industry for that area. He was successful in his own business, and has used a businessman's approach towards encouraging the establishment of new industries in Nova Scotia and the expansion of existing industries. This man is a member of the Atlantic development board, but if this legislation is implemented we are going to get rid of him. He has made a tremendous contribution to the welfare of his native province. Without any doubt, he undertook his duties as a member of the Atlantic development board in order that he may, in the future, give even greater service than he has in the past. The very fact that this man was a member of the board gave the people of Nova Scotia confidence that its operations would be a success.

Now, however, the services of this eminent Nova Scotian will be dispensed with. I can tell the government that this will not only mean a loss of confidence on the part of the people of Nova Scotia, but this board will be severely shaken. I have no doubt that if it were not for Mr. Sobey's dedication to the area he would have rejected, and with scorn, the proposal to limit his tenure of office. To the people of Nova Scotia this proposed action is contemptible and cheap.

Last night the Secretary of State, in his own inimitable fashion, spoke in grandiose terms of what the different departments of government will do in the Atlantic provinces over and above what the Atlantic development board might do; but, Mr. Chairman, for 22 years the provinces by the sea were neglected by a Liberal administration. However, after 1957 we were given greater attention than ever before, by a Conservative government. More expenditures by all departments of government were carried out in our area than ever before, and let me serve notice on the present government that we expect this to continue, and in fact increase, in addition to what the Atlantic development board may accomplish. To use the vernacular of the Secretary of State, that is to be a great leap forward. I did not know he was such an admirer of Mao Tse-tung until he used that phrase, but if this is not done it will not be a great leap forward. Rather it will be a great leap backward.

Mr. Pickersgill: Mr. Chairman, I have been watching the clock and I realize that if I do not say something now it will be at least a week before there will be an opportunity to do so. Some things have been said this afternoon that I think deserve a reply, and there are one or two questions to which I want to make a reply.

With respect to the first point made by the hon. member for Victoria-Carleton I want to

say with respect to the device used by the government—which of course I need not have revealed until the bill came up had I not wanted to be completely frank with hon. members at the start by making my letter to Brigadier Wardell available to the committee —if the government had been so minded we could have done what the previous government did with the federal district commission when they substituted the national capital commission for it, and that was to legislate the old commission out of existence and the members with it, and appoint an entirely new slate. I may say no more partisan appointments were ever made by any government in the history of this country than were made to that commission by the right hon. gentleman who is now Leader of the Opposition.

Or, we could have done what the government did in 1960 at the time of the revision of the Canada Elections Act when, by a complete revision, it got rid of every returning officer in the country. But we did not choose to do that because we did not want to make this a partisan issue. We wanted to preserve continuity. I am sure the hon. member for Victoria-Carleton would admit at once, that when he came into the house and announced the appointment of the board in January, I welcomed the appointment of that board and I have never said one word at any time in criticism of any member of that board; and I have no criticism whatsoever to offer of any of them.

It is true that they were appointed by hon. gentlemen opposite; but that, in my view, is nothing against them and I would not hold that against them at all.

Mr. MacInnis: Would the hon. minister permit a question?

Mr. Pickersgill: When I have answered the questions I have already been asked; but I have things to say and I would like to say them with a certain continuity, in fairness to the hon. gentlemen who have already spoken.

I have never at any time made any adverse criticism of any of the members of the board. The hon. member for Cumberland, who seems to be even more obsessed with this matter of partisanship than other hon. members opposite, asked me whether I had communicated with the other members of the board in addition to Brigadier Wardell. I have not communicated with them directly by letter, but I did give the letter I quoted last night to Brigadier Wardell, the chairman of the board, whom I have seen several times since I became minister and whom I have tried to keep completely informed of what was going on. I may say, Mr. Chairman, I was very careful to observe the proprieties.

I did not discuss what we were proposing to do until the resolution was put on the order paper, but as soon as it was, I saw Brigadier Wardell at once and told him precisely what we were planning to do, because I thought it was only proper, fair and courteous to do that.

I read my unsigned letter to him, and after he had read it I signed it. If Brigadier Wardell had taken any exception to that letter I am sure any exception he would have taken would have been reasonable, and I would have done my best to modify it to suit him. Now, Brigadier Wardell has spoken publicly, and the hon. member for Cumberland has quoted an article in a recent issue of the *Atlantic Advocate*. Brigadier Wardell was good enough to let me have a copy of the speech he made to the maritime board of trade on June 4, before it was delivered. He discussed the speech with me before he delivered it, in a general sort of way, but he never showed me the text until just before it appeared, and I made no suggestion as to what he should say in any way whatsoever. I think we can fairly assume Brigadier Wardell, being an adult and a highly respected member of society and a highly self-respected person, meant what he said in what he said; and I would like to put on the record what he said in part:

> First, let me summarize the resolution placed before the House of Commons on May 21 by Mr. Pickersgill.
>
> This announced that the board's members would be increased from five to eleven; an Atlantic development fund of $100 million would be created for financing or assisting to finance programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financial arrangements are not otherwise available; that the board's life would end on January 24, 1969; and that the administration of the act would be changed.

Then he went on:

> To comment briefly on these proposals, and I believe that I speak for the other members of the existing board—

I shall say a word about that in a moment.

> —we shall warmly welcome the new members, and we shall do our utmost to work with them to the limits of our powers and in furtherance of the aims of the board.
>
> As to the new terms of our appointments, we shall be glad to fall in with the government's proposals, whatever they may be, in substitution of the act of parliament by which we hold our appointments today. Personal considerations have no place in our minds. We are ready and happy to serve in any capacity.

I think I should pause here to say that when I gave my letter to Brigadier Wardell I asked him if he would send copies to other members of the board and point out to them I did not mark my letter confidential because

I thought I would want to read it to parliament; but I said in fairness to me as a member of parliament and so that I would not be accused by any member of contempt of parliament, I hoped he would not make it public until the matter came up for debate. He agreed to that very readily, and I said it was only fair he should send copies of the letter to the other members of the board so that they would know precisely what the conditions were, and I felt sure that if any of them wanted to communicate with me through him or directly they would do so.

The only member of the board I have met apart from Brigadier Wardell was Mr. Sobey, who called on me at my office in the House of Commons, and we had a very frank conversation indeed. He had not got the letter from Brigadier Wardell, and in fact I read it to him in my office and he said—you know he is a very frank fellow—"Would you like me to resign?" I said "No, I would not; I would like you to stay on the board; I want to preserve continuity. I want to keep this thing above partisanship. However, if we find at the end of the year that we do not like one another we do not need to continue this arrangement. If we do, we will."

He accepted that in the same spirit in which I gave it, and I do not think there was any misunderstanding of any kind between us. As the hon. member for Victoria-Carleton very properly pointed out, we as ministers have to take the responsibility for the expenditure of this $100 million, and whatever other hon. members think, such as the honourable and wealthy member for Queens, I still regard $100 million as a very large sum of money indeed, and I think most Canadians do. When we have to take the responsibility for the expenditure of $100 million it is absolutely essential that the agency through which it is expended shall have a harmonious relationship with the government. I am sure the hon. member for Victoria-Carleton would feel exactly the same way if he were standing in this position.

Mr. Flemming (Victoria-Carleton): Yes; but may I ask the minister a question, Mr. Chairman?

Mr. Pickersgill: Yes.

Mr. Flemming (Victoria-Carleton): Does my hon. friend have any doubts about the harmonious relationship that this group of men would have with the present government, if they were continued in their present office?

Mr. Pickersgill: No, Mr. Chairman, I have no doubts at all at the present time. But, as every hon. member knows, and certainly every hon. member who has served in a cabinet, one may have the greatest possible feeling of respect and regard for another person and it may turn out that you cannot work well together. That often happens.

Mr. Crouse: Would the minister permit another question?

Mr. Pickersgill: Yes.

Mr. Crouse: Is this to be the attitude of the present government toward all boards?

Mr. Pickersgill: No, I would not think so. In the case of boards which have a statutory and quasi-judicial function. I would not think so. But this board is to exist for the purpose of spending public money for which the government in general, and I in particular, have to answer in this house. I think if anyone understands responsible government at all, it is essential that there be a relationship of harmony and confidence, and continuing harmony and confidence between the board, and particularly the chairman, and the government. I have no reason to think that this will not exist, none whatever. I am not suggesting there is any reason not to think so. There was the most complete frankness between myself and Brigadier Wardell, and a thorough understanding about the matter.

As to the question—and I might just as well deal with it now—of the additional membership on the board, Brigadier Wardell is a publisher. Mr. Sobey is fundamentally, as I understand it, a merchant, though he has many other interests; he is the director of a number of companies and is a man of very great substance and obviously of very great ability. The member from Prince Edward Island is an enforcedly retired politician, and I am sure all of us would feel sympathy for him. He was the provincial treasurer for a while until the electors decided they would rather have someone else for that particular seat. That is a risk we all run, but I do not think it makes him any less competent to serve on the board.

An hon. Member: That has happened to members from that side too.

Mr. Pickersgill: There were a number of people in the party opposite who are not here now. They fall in the same category.

Mr. Lambert: Then let us not be so pious.

Mr. Pickersgill: The member of the board from Newfoundland is a merchant in Water street. But when one looks at the economic complexion of the Atlantic provinces I do not think I could agree with hon. gentlemen opposite who say that the board should not be enlarged. I might mention that the fifth member is a banker. When you look at them, I do not think this group is very representative of the whole economic spectrum. There is no one

from the fishery; there is no one from the great timber industry, which is the biggest of all the industries of the Atlantic provinces; there is not a coal miner or anyone representing the mining interests, and there is no one representing agriculture.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, would the minister accept a very small question on that point? I would like to ask him whether he would appreciate receiving recommendations from members of the opposition. For instance, would he like to have a member from Cape Breton island? Would he be prepared to accept such a recommendation?

Mr. Pickersgill: Mr. Chairman, I have always prided myself on having an open mind.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I am sure that if the hon. member for Cape Breton North and Victoria recommended a person who was in his opinion the best qualified person in Nova Scotia to serve on this board, he would be a person of eminence, integrity, and a good citizen. I do not think the hon. gentleman would recommend anyone otherwise, and I would of course be glad to have a recommendation from him. I cannot promise that I would accept it—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —but I would be glad to have it. However, I can assure all hon. members that in the recommendations I make to my colleagues and in the appointments, my colleagues see fit to make this board, the political complexion of the persons appointed will not be a factor at all.

Some hon. Members: Oh, oh.

Mr. Pickersgill: What we will seek to do is get people who are representative of the main economic groups in the Atlantic provinces who are, in our opinion, best qualified to assist in the very important work of this board. I hope that the work of the board, notwithstanding some of the things that have been said this afternoon and this evening, can be lifted above partisanship and kept above partisanship. That is what we have every desire and every intention of striving to do.

I was asked whether we would communicate with the provincial governments about the persons to be appointed. I made a suggestion of that sort, perhaps a little sceptically, to the hon. member for Victoria-Carleton when he was piloting the original legislation through the house. Perhaps this will be another precedent set by him that I will be inclined to follow. He is a pretty good example of the constitutional proprieties in these matters. But there are, of course, four premiers in the Atlantic provinces; two of them are political friends of ours and two are political friends of hon. gentlemen opposite. I hope this board will work just as well with the Conservative governments as with the Liberal governments and that the co-operation will be just as good with the one as with the other. It is my intention, just as soon as the legislation has been passed, to write to the four premiers of the Atlantic provinces and ask them whether they would designate someone in the provincial administration, either a minister or an official, to act as liaison with the Atlantic development board, precisely so there may be that co-operation which we believe will be essential to the proper functioning of the board.

Mr. Chairman, the hon. member for Victoria-Carleton in the main objected to any amendment being made to the existing legislation. I can understand that position being taken by the hon. gentleman because he was the sponsor of the present act. It was his act, and I do not blame him for having pride of authorship. I think there is a lot of good in the act, and I said so at the time. We did not think it was as good as it could be and we said in opposition and during the election campaign that we thought we could make it better. As my hon. friend from Antigonish-Guysborough pointed out before dinner, we said we would do two things, strengthen the board and give it a capital fund. That is what we went to the people and asked them to support us on. Does any hon. member on either side of the house expect us, having been elected and having elected 20 of the 33 members from the Atlantic provinces, to ignore that undertaking, not to carry out that commitment, to break that promise? We intend, if the house will agree—and of course we are in the hands of the house—to do precisely what we told the electors we would do, and we intend to do it in this session of parliament.

Mr. Flemming (Victoria-Carleton): Whether it is right or wrong?

Mr. Pickersgill: Well, we thought it was right or we would not have advocated it, and we advocated it in this house at the time the original legislation was put through. We considered it a deficiency, as the hon. member for Greenwood indicated he and his friends did, when it did not do these things. I feel sure that the hon. member for Greenwood is perhaps approaching the measure more objectively and in a less partisan spirit than are some hon. gentlemen opposite.

I say we are doing this in 1963, right after the election. The hon. member for Victoria-Carleton was not elected to this house in 1957

but many of his friends were here. The hon. member for Cumberland was here. They were elected on a promise made at Moncton. In those hopeful days in May or June of 1957, the spring of the great promises, they promised a capital projects program to provide federal capital assistance for provincial projects designed to enlarge the basic economy of the area. That was in 1957. Three elections later, in 1962, as a deathbed effort they produced the Atlantic development board bill, without any capital fund. We do not intend to follow that example. As soon as this parliament will agree to it, we intend to do what we undertook to the electors to do. It seems to me that that is the only honourable course to take in the matter.

There has been a good deal of talk about a hundred million dollars being inadequate. The hon. member for Cape Breton North and Victoria said it was a ceiling. It is the exact reverse. It is a floor. I think I should go back and quote Brigadier Wardell's speech further on that precise point—his speech to the maritime board of trade.

Mr. Muir (Cape Breton North and Victoria): Would the hon. gentleman permit a question? Does he mean that if the hundred million dollars is used up in ten, 12 or 14 months parliament will provide another $100 million or $200 million?

Mr. Pickersgill: Well, I am not parliament. I would not attempt to substitute myself for parliament. But I would hazard the guess that if we could get a board which was so dynamic and which could find enough projects to use this hundred million dollars up in six months it would be a lot better than the hon. gentlemen opposite did in six years. What is more, if the projects on which it was being spent were of the kind which this house and the people of Canada felt would contribute to the raising of the whole level of the economy of the Atlantic provinces, no government would have any trouble about getting more from this parliament, if more were needed to carry on that task. I have no doubt about that whatsoever. But $100 million, I suggest, is $100 million more than nothing, and it is a good start.

Here is what Brigadier Wardell said on June 4 on this point:

> As to the $100 million fund and the limitation of the life of the board to five and one half years, the amount is but a tenth of the billion dollars previously envisaged for a ten-year period, but which, of course, was never actually specified.

An hon. Member: Read on.

Mr. Pickersgill: Yes, I will read on.

> Mr. Robert Coates, member of parliament for this constituency, has drawn attention to these facts in the House of Commons.

As a matter of fact, in the same speech the hon. gentleman talked about a funeral. He talked about a funeral again tonight. He seems to be the new apostle of gloom and doom.

Brigadier Wardell went on to say:

> The tidal power element in the Chignecto project alone, so near and dear to this area, would cost $350 million and take ten years to complete. The $100 million fund would only provide $4.5 millions per province per year during the life of the board.

I might say that as far as the Chignecto project is concerned, I do not think there is any doubt that this particular project of what the hon. gentleman calls the complex, will be investigated by the board, but I do not think for a moment that a project as large as this will be undertaken by the board in the ordinary course of its operations. An undertaking of that magnitude would be so important that I am sure any government wishing to support it would want to go to parliament to ask for authority on its own merits as a separate undertaking. I can envisage the board investigating the feasibility of the undertaking, but the board itself, with the capital fund available to it, could not possibly attempt a project of that magnitude, nor is there any thought that they would.

Mr. Coates: Would the Secretary of State give an assurance that the board would carry out an investigation into the feasibility of the scheme?

Mr. Pickersgill: I will give an assurance that the minister will suggest to the board that this is a project which should be investigated if the members of the board, having looked into such evidence as is already available, think, it merits the further expenditure of public funds on a more detailed investigation. I will certainly see that the matter is drawn to their attention with a view to a serious examination of the matter. I say that without hesitation.

Mr. Macquarrie: May I ask a question about the Prince Edward Island causeway? Does the hon. gentleman think the board will be involved in a study of the feasibility of that project?

Mr. Pickersgill: I am astonished to think that the hon. and learned member for Queens must have been asleep, like Rip Van Winkle, for these last few years, because his own leader announced that the feasibility studies were all over and that the causeway was being built. Surely, the hon. member for Queens is not going to say his leader was talking through his hat when he made that announcement.

Mr. Macquarrie: Did not the hon. gentleman's own leader speak about this feasibility study continuing?

Mr. Pickersgill: We can have a debate on this on some other occasion but I must remind the hon. member not to repudiate his leader, fashionable though that is becoming on the other side.

Brigadier Wardell went on, in his letter, to say—

Mr. Knowles: Would the Secretary of State permit a question? My question is based on my desire—and I have maritime antecedents —to see this bill. I wonder if the speech which the hon. gentleman is now making is designed to get this resolution through before ten o'clock.

Mr. Pickersgill: Well, I am willing to make a deal with the committee. I will sit down right now if the resolution can pass immediately.

Mr. Knowles: We will take the minister up on that.

Some hon. Members: Agreed.

Mr. Flemming (Victoria-Carleton): After a speech such as we have listened to from the Secretary of State, he need not think he is going to get this through on that basis.

Mr. Pickersgill: If that is the situation, I would certainly prefer to talk the resolution out rather than permit someone else to talk it out.

Mr. MacInnis: I was just going to ask if the minister would stop practising discrimination long enough to let me ask the question.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I am sorry, I did not hear the hon. member.

Mr. MacInnis: It is no wonder; the monkeys are noisy enough. I just want to make sure the minister can hear me. I would ask the minister if he could vouch for the earlier remarks he made in regard to the national capital commission and the election act. Yes or no is all that is necessary.

Mr. Pickersgill: Well, Mr. Chairman, I made certain statements believing them to be true. I have never made a statement in this house which I did not believe was true and I hope I never will, and if it should prove that anything I said was not true I think hon. members know well enough that I have always been willing to make amends. I do not see that I can go beyond that, and the hon. member's question does not seem to me to be very relevant to the debate.

[Mr. Pickersgill.]

Mr. MacInnis: I wonder if the minister would check the accuracy of his remarks before he makes them in future.

Mr. Pickersgill: No, I will leave that to the hon. member. I think my remarks were accurate and I think the ordinary principles of British justice should operate and that I should be considered innocent until I am proven guilty.

Mr. MacInnis: Does the minister think I would bring the matter up if I did not think I could prove him wrong?

Mr. Pickersgill: Mr. Chairman, a moment ago I was about to read a further paragraph from Brigadier Wardell's letter, but before I do so I do not think I can let pass the observation made by the hon. member for Victoria-Carleton. I do not think it was characteristic of the hon. member, who is usually not among the more partisan members opposite—I reciprocate the compliment he paid me earlier today—but who I think in this case was really extraordinarily unfair. There seems to be an impression in this house that anyone on the opposite side of the house is able to make as partisan and strong a speech as he likes, and that everyone on this side has to sit and like it and enjoy it without complaint, and if any reply is made in kind hon. gentlemen at once suggest that is unfair and is an excuse for prolonging a debate which they would not otherwise prolong. I am sure that on reflection the hon. member for Victoria-Carleton will realize that the purpose of debate is not to run a sort of Sunday school; that the purpose of debate is to debate, and that surely we should be able to debate in this house like adults without getting sore about it.

Mr. Lambert: Your memory is too short.

The Deputy Chairman: Order. I must advise the minister that the time allotted to him has expired.

Some hon. Members: Continue.

Mr. Pickersgill: I should just like to read this one other paragraph from the letter of Brigadier Wardell because it seems to me it should be part of the record.

But my understanding is—

Mr. Lambert: Are you looking for inspiration?

Mr. Pickersgill: When the former Speaker has called me to order once more perhaps I may proceed.

But my understanding is that the $100 million does not at all limit the special aid to the Atlantic region to that amount in the next five years.

I would draw that to the attention of hon. members. This is Brigadier Wardell speaking.

The qualifying phrase in the resolution is in the following words: "financing or assisting in financing programs or projects ... for which satisfactory financing arrangements are not otherwise available."

The Atlantic development board's special fund will be used as a special supplement to the funds provided by the activities and programs being carried out, or to be carried out, in the Atlantic region by other government departments and agencies. It will be used as a stopgap to fill needs which could not otherwise be provided for.

That is exactly what I said last night.

The special fund will not be used for financing projects which would be the normal or general responsibility of an existing department or agency. In every case, projects to be assisted or financed by the fund will require the approval of the governor in council. In this the working of the new board will be identical with the old.

Mr. MacEwan: I wonder if I could give the minister a moment to catch his breath, although I doubt that he needs it. I recall in the last parliament that he stated the Atlantic board was not going to report to the public, and also that it would be a lot closer to parliament if a minister of the crown were appointed chairman of the board. I wonder if it is the intention of the government that a minister should be chairman of the board and if so, will it be the Secretary of State?

Mr. Pickersgill: I think on reflection I came to the conclusion that it would be harder to get my legislation through the house if I made that suggestion. I was a little afraid that hon. gentlemen opposite might be a little inclined to suggest that if such a recommendation was made the board would not have that non-partisan character which I am very anxious it should have and, what is more important, that it would not appear to have the non-partisan character I want it to appear to have as well as to have.

Mr. Bell: What about the Minister of Agriculture?

Some hon. Members: Carried.

Mr. MacEwan: May I call it ten o'clock?

Some hon. Members: No.

Mr. MacEwan: Very well. I have only a few remarks.

Mr. Pickersgill: If the hon. member for Pictou is the only other speaker, I wonder if hon. members would agree to hear him so that we could see the bill. We cannot come back to this for at least a week and I think it would be a great help to have the bill available for study in the Atlantic provinces and elsewhere.

Mr. Flemming (Victoria-Carleton): If I might say a word on that, we on this side have various speakers who want to contribute to this debate. Before I sit down I want to say, in connection with the observations of the Secretary of State about Sunday school that when a man implies to this house that the previous government did so little in six years, then we submit we need a chance to present the facts to this house and the country.

Mr. Pickersgill: Could not the hon. gentleman do that just as well on the bill as on the resolution, and not hold up the resolution just for that? The hon. gentleman would have unlimited time on the bill, not just half an hour.

Mr. Flemming (Victoria-Carleton): We have two speakers at least who want to contribute to this debate.

The Deputy Chairman: It being ten o'clock shall I rise, report progress, and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, everyone is aware that the budget debate commences tomorrow and lasts for six sitting days without interruption unless some unforeseen emergency occurs. I was wondering if the house leader, the Secretary of State, would just like to record the fact in *Hansard* for the benefit of hon. members who may not be here tonight?

Mr. Pickersgill: The hon. member for Winnipeg South Centre has stated the position correctly.

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

HOUSE OF COMMONS

Wednesday, June 19, 1963

The house met at 2.30 p.m.

FINANCE

WITHDRAWAL OF PARAGRAPH 11 OF EXCISE TAX ACT BUDGET RESOLUTION

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, certain administrative difficulties have arisen respecting the immediate application of the proposed 30 per cent tax on takeovers, announced in the budget speech on June 13. One of the difficulties is in connection with new financing now under way for the expansion of existing businesses. This cannot be allowed to lapse or be deferred until detailed regulations have been formulated.

It may take a little time to work out satisfactorily the difficulties referred to. Pending a solution, the government proposes to withdraw paragraph 11 of the budget resolution respecting the Excise Tax Act.

Since the budget was delivered I have had a number of conversations about this matter with people familiar with the administrative side of the securities business, including the presidents of the Toronto and Montreal stock exchanges, and a senior officer of the investment dealers' association of Canada. I have also heard by telegram from the president of the Vancouver stock exchange. Most of the people I have talked with have pointed out the administrative difficulties I have referred to, but are anxious to find a solution that will be consistent with the government's statement of disapproval of takeovers of Canadian concerns by non-residents.

This attitude is not shared by the president of the Montreal stock exchange. In a letter to me dated June 18 he states that "a non-resident takeover confers great benefits on the Canadian economy". Either before or just after an interview with me yesterday, and without informing me of his intention to take such action, the president of the Montreal stock exchange handed copies of his letter to members of the press. The letter is intemperate and irresponsible in tone and content.

Some hon. Members: Oh, oh.

Mr. Gordon: It is a strange communication coming as it does from a man who holds the position of president of an important Canadian stock exchange. I want to make it clear that this government disagrees completely with the interpretation of the national interest expressed by the president of the Montreal stock exchange. Our attitude to the desirability of maintaining and increasing Canadian ownership of Canadian assets was clearly set out in the budget speech. It remains unchanged.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the fact that there was reference to a letter which apparently contains some very interesting statements, would the minister table that letter so those of us who have not been privileged to read it with the same care that he has might have the same opportunity?

Mr. Gordon: I will be glad to table the letter, Mr. Speaker.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in view of the fact that the letter was commented upon by the minister under motions, which seems to me a rather questionable procedure, I suggest that the letter be included in *Hansard* as an appendix.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Editor's note: For letter referred to above, see appendix "A".*]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MANOTICK, ONT., POST OFFICE

Question No. 198—**Mr. Howard:**

1. Since January 1, 1960, has any property been purchased for a post office at Manotick, Ontario, and, if so, what was (a) the date of the purchase (b) the acreage involved (c) the name and address of the person from whom the property was purchased (d) the purchase price and (e) the method by which the purchase price was agreed upon?

2. Were any recommendations made by the village of Manotick regarding other locations for the post office, and, if so, what consideration, if any, was given to these recommendations?

3. Were any other locations considered by the government and, if so (a) what were these other locations and (b) what value or price was attached to each such location?

4. Has the government any knowledge of the value of comparable pieces and areas of property at Manotick and, if so, what are the details of this knowledge?

5. Has the government any knowledge of the length of time which the person referred to in part (c) of paragraph 1 was in possession of the

property and the price which he originally paid for it and, if so, what are the details of this knowledge?

6. Does the government own or have control over, rights-of-way or other means of access to the post office and, if so, what are the names, lengths, widths, directions, and other details relating to any streets or roads comprising such, and how far is the terminus thereof from the old highway 16 or the Main street of Manotick?

7. Does the government have any plans to procure a more direct route from the terminus of its present rights-of-way as referred to in part 6 hereof and the old highway 16 and, if so, what are these plans?

Mr. Deschatelets: 1. No; (a) a site was purchased on October 14, 1959; (b) 0.49 acre; (c) William David Watson, Manotick, Ontario; (d) $4,000; (e) by negotiation and under special conditions by which the vendor agreed to provide right of way, construct partial access road, drainage ditches and culverts. The vendor also constructed an 800 foot sidewalk from the post office site to the main highway No. 16.

2. Yes, a councillor of the village suggested a property on Maple avenue. This was considered and rejected by postal officials.

3. Yes,

(a) Location	(b) Value
On highway 16 between Bridge and Hill sts.	$30,000
One block off highway 16 adjacent to the Royal bank	$15,500
Part block "D" west of Anne street.	$4,000
On county road (Maple avenue) near bridge.	No price quoted.

4. Residential lots surrounding subject property are priced at $3,000 to $4,500. Part block "D" west of Anne street was sold for $4,000.

5. No, the department has no definite knowledge on this.

6. The department holds a right of way, 66 feet in width by approximately 280 feet in length, from the south line of Anne street to the south boundary of the post office site. The distance from the northern end of this right of way to highway 16 is approximately 250 feet. The road between the north end of our right of way and highway 16 has been in existence and used by the public for some years. It is privately owned by Mr. Watson but is encumbered at the present time by rights of way to two owners of abutting properties, which provides access to the post office site.

7. Not at present.

REVENUE FROM CIGARETTES AND TOBACCO

Question No. 227—**Mr. Scott:**

1. What is the total amount received by the government, per year, from taxes on cigarettes, tobacco, cigars, etc.?

2. Does the government make any grants to foster research into the relationship, if any, between cigarette smoking and lung cancer and, if so, what is the amount of each such grant, to whom is it made, and when were such grants first made?

Mr. Dupuis: 1. Federal taxes on cigarettes, cigars, tobacco (raw leaf and manufactured):

Fiscal Year, Mar. 31,	1959	1960	1961	1962
	(thousands of dollars)			
Excise taxes	147,996	185,502	193,649	207,551
Excise duties	141,201	146,176	149,658	160,519
Total [a]	289,197	331,678	343,307	368,070

[a] Drawbacks and refunds have not been deducted. Excludes customs import duties, revenue from the general sales tax and from income taxes on corporations and individuals engaged in the production of tobacco products, etc.

Source: Public accounts of Canada.

2. Not directly. However funds are provided by the Department of National Health and Welfare through the national health grants to the national cancer institute and to the Ontario cancer treatment and research foundation for cancer research. In addition, the Department of National Health and Welfare has carried out a six year study of mortality in relation to smoking habits. A preliminary report of this study was made in 1960 and a second report in May of this year. A final report will be prepared at a later date.

[Mr. Howard.]

R.C.A.F. PILOT TRAINING ORGANIZATION

Question No. 240—**Mr. Stefanson:**

1. Has the R.C.A.F. completed its study of the training organization both ground and air, and, if so, has it submitted a report to the Minister of National Defence?

2. If the report has been received, what changes if any, are contemplated at the following pilot training operation bases: Gimli, Manitoba; Portage la Prairie, Manitoba; Moose Jaw, Saskatchewan; and Penhold, Alberta?

3. At present, what is the role of each of these bases in the R.C.A.F. pilot training program?

4. What is the present strength of each of these bases, number of service personnel and number of civilian employees?

5. What is the number and type of aircraft at each of these bases?

6. What improvements are at present under construction at these bases, with estimated cost of each; and what further improvements have been recommended, and when will these be implemented?

Mr. Hellyer: 1. Based on the planned use of the basic jet training aircraft (the "Tutor"), a review has been completed of air training facilities and the minister advised of the conclusions.

2. Final decisions have not been taken.

3. Gimli: Central flying school No. 3 advanced flying school; Portage la Prairie: Advanced flying instructors school No. 2 advanced flying school; Moose Jaw: No. 2 flying training school Basic flying instructors school; Penhold: No. 4 flying training school.

4. There are approximately 650 service and approximately 200 civilian personnel at each of these stations.

5. Gimli: 2 Harvard, 39 T-33, 5 Expeditor, 2 Dakota, and 2 Chipmunk; Portage la Prairie: 75 T-33, and 2 Expeditor; Moose Jaw: 64 Harvard, and 9 Expeditor; Penhold: 64 Harvard, and 3 Expeditor.

6. Under construction.

Moose Jaw: runways, $3,300,000.

Programmed for 1963-64.

Moose Jaw: Runways, $300,000; TACAN installation, $20,000; fuel facilities, $123,700; variable approach indicator system, $100,000.

Penhold: Runways, $50,000; visual approach indicator system, $100,000.

Portage la Prairie: Variable approach indicator system, $100,000.

PUBLICATION OF PARLIAMENTARY GUIDE

Question No. 252—**Mr. MacRae:**

Is any grant made from public funds toward the cost of publication of the Canadian Parliamentary Guide and, if so (a) to whom, and what amount (b) does the government accept any responsibility for the accuracy of this publication?

Mr. Dupuis: No.

SECOND FERRY SERVICE, NOVA SCOTIA-MASSACHUSETTS

Question No. 270—**Mr. Crouse:**

Has the government of Canada given any consideration to the need for establishing a second ferry service between Nova Scotia and Massachusetts and, if so (a) what is the size of the contemplated ferry, and the number of cars and passengers it will carry (b) what are the names of the ports to be used in Nova Scotia and Massachusetts?

Mr. Cantin: In response to representations received, investigation was made earlier into a possible ferry service between Nova Scotia and Massachusetts, and this indicated that the proposed service would not be economically justified.

FRASER RIVER HARBOUR BOARDS

Question No. 284—**Mr. Basford:**

With respect to the Fraser river, B.C., (a) what harbour boards have jurisdiction thereover (b) what are their respective areas of jurisdiction (c) what are the names and addresses of the members of any such boards (d) what are the dates of appointment of such members (e) what is the term for which each member is appointed?

Mr. Cantin: (a) New Westminster harbour commissioners and north Fraser harbour commissioners.

(b) New Westminster harbour commissioners—The Fraser river from Kanaka creek to the strait of Georgia, including the Pitt river to Pitt lake and excluding the north arm, Fraser river, west of Poplar island.

North Fraser harbour commissioners—The north arm of the Fraser river west of Poplar island to the strait of Georgia.

(c) New Westminster harbour commissioners

Members	Address
F. W. Sheppard	New Westminster harbour commissioners, 713 Columbia street, New Westminster, B.C.
G. Twiss	"
F. A. Coulthard	"

North Fraser harbour commissioners

Members	Address
H. C. Cunningham	North Fraser harbour commissioners, Oak street wharf, foot Oak street south, Vancouver 14, B.C.
S. Chambers	"
J. A. Lindsay	"
J. S. Alsbury	"
W. J. Cook	"

(d) and (e) F. W. Sheppard: appointed December 17, 1958, no specific term; G. Twiss: appointed December 17, 1958, no specific term; F. H. Coulthard: appointed February 10, 1959, term 3 years and eligible for reappointment; H. C. Cunningham: appointed November 3, 1955, no specific term; S. Chambers: appointed February 2, 1961, no specific term; J. A. Lindsay: appointed June 11, 1952, no specific term; J. S. Alsbury: appointed June 11, 1952, no specific term; W. J. Cook: appointed August 7, 1956, term 3 years and eligible for reappointment.

MOUNTED POLICE QUARTERS, PUGWASH, N.S.

Question No. 298—**Mr. Coates:**

When will tenders be called for the construction of R.C.M.P. detachment quarters at Pugwash, Nova Scotia?

Mr. Macdonald: Tenders were called and closed on May 23, 1963.

(Translation):

QUEEN ELIZABETH HOTEL, MONTREAL

Question No. 333—**Mr. Loiselle:**

1. What was the cost of construction of the Queen Elizabeth hotel in Montreal?
2. What contract exists between the Canadian National Railways and the Hilton company?
3. When will that contract expire?
4. Is the Hilton company a party to that contract incorporated in Canada and, if so, in what year did the incorporation take place?

Mr. Cantin: The management of Canadian National Railways advise as follows:

1. Construction cost of building was $20,871,891.

2. An agreement was entered into with Hilton of Canada Ltd. in 1954 for the management and operation of the hotel.

3. 1973.

4. Yes, 1954.

(Text):

LOW POWER REPEATER TYPE STATION COST

Question No. 345—**Mr. Fisher:**

1. In establishing low power repeater type stations, what per capita cost formula does the C.B.C. use?
2. What is the per capita cost for establishment, and for service, for each of the present or planned LPRT stations?
3. What is the C.B.C.'s estimated per capita cost to establish and service a LPRT station in Manitouwadge, in Terrace Bay and in Pickle Crow?

Mr. Dupuis: I am informed by the Canadian Broadcasting Corporation as follows:

1. The per capita cost formula is based on the annual operating cost in relation to population situated within the proposed coverage area. Dominion bureau of statistics census figures are used to estimate the population.

[Mr. Cantin.]

2. There are 100 LPRT's in operation across Canada at present, some of them established over 15 years ago. Detailed per capita cost information on all these stations is not immediately available and to obtain it would require a large expenditure of man hours by the corporation.

A further 89 possible LPRT locations have been given preliminary study as part of the corporation's future planning. The corporation feels that it would be misleading to make the per capita estimates for these locations public as the list is a tentative one and subject to substantial modification in the light of changing conditions and further study. To spell out in detail a list which is intended for general planning purposes only would give an impression of finality in planning which is not justified and which, further, by appearing to be a commitment could limit the corporation's freedom to adapt to the changing conditions already mentioned.

Generally it can be said that the estimated annual cost per capita ranges from less than 25 cents for the early established stations to over $30 for the most costly of the 89 possible locations, the amount being chiefly determined by the cost involved to provide for the transmission of the network program service.

3. Manitouwadge—A low power transmitter has been authorized and will begin operation at Manitouwadge, late this year. The estimated per capita cost is $1.73.

Terrace Bay—The corporation has no per capita cost estimated for this location as it is included in the anticipated coverage area of a new LPRT of increased power that will be installed at Schreiber, Ontario shortly.

Pickle Crow—This area is included in the long range coverage planning program. The corporation's position with respect to disclosure of estimated per capita cost is explained in (2) above.

C.B.C. TELEVISION PER CAPITA COST FIGURES

Question No. 346—**Mr. Fisher:**

1. At the present time, what is the C.B.C.'s estimated per capita cost figure to supply television service to the Geraldton-Longlac area, to Hornepayne, to Terrace Bay-Schreiber, to Manitouwadge, or any other estimates relating to one or combinations of these areas?
2. How do these estimates compare with estimates of costs for stations being presently established by the C.B.C.?

Mr. Dupuis: I am informed by the Canadian Broadcasting Corporation as follows. 1. It would be misleading to make public estimated per capita cost figures for locations that are still in the initial planning stage. Alternative plans for the areas in question have been studied, and are still under study, in an attempt to find a solution which would bring the per capita cost down to a lower figure.

Until studies are complete and estimates are final, the corporation feels it would not be desirable to make public preliminary estimates of per capita costs.

2. The cost estimates of the plans studied are appreciably higher than those of stations at present being established.

(Translation):

MARINE TERMINAL, QUEBEC CITY

Question No. 373—**Mr. Beaule:**

1. What is the amount of the successful tender for the construction of the Champlain marine terminal at Quebec city?

2. Who submitted tenders, and what was the amount in each case?

3. Among the tendering firms, which were from Quebec city?

4. If the contract has been awarded, what is the name of the contractor?

Mr. Deschatelets: It is assumed that the work referred to is the marine agency wharf of the Department of Transport, next to Champlain street.

1. The lowest tender was submitted by Messrs. Dimock and Albert, Quebec city, Que. in the amount of $252,565, but no contract has yet been awarded.

2. Dimock & Albert, Quebec, Que., $252,565.00; McNamara Marine Ltd., Toronto, Ont., $267,456.88; Les Constructions du Saint-Laurent Limitée, Villeneuve, Que., $294,476.25; Royalmount Construction Ltd., Montreal, Que., $347,702.50.

3. Dimock & Albert, 2974 Larochelle, Quebec city.

4. N/A.

C.N.R. BUILDING, QUEBEC CITY

Question No. 374—**Mr. Beaule:**

1. What is the name of the general contractor who is now building the Canadian National building in Quebec city?

2. What amount did he tender?

3. Who are the subcontractors?

4. How many are from Quebec city?

Mr. Cantin: The management of Canadian National Railways advise as follows:

1. E. G. M. Cape & Co. Ltd., Montreal.

2. Tender prices are not made a matter of public record. The company's estimate of the completed building is approximately $700,000.00.

3. and 4. Selection, if any, of subcontractors is a matter for the general contractor.

NEW POST OFFICE BUILDING, QUEBEC CITY

Question No. 375—**Mr. Beaule:**

1. What was the amount of the tender for the construction of the new post office building in Quebec city?

Questions

2. What was the total cost of construction when completed?

3. How many subcontractors were used, and who were they?

4. How many subcontractors were from Quebec city?

Mr. Deschatelets: 1. $3,059,092.

2. Final payment has not been made yet.

3. 28 as follows:

Michaud & Simard Inc., Quebec, Que.; Parco Drilling & Exploration Co. Ltd., Montreal, Que.; Harris Steel Corporation, Lachine, Que.; Armstrong Contracting Can. Ltd., Montreal, Que.; Eastern Canada Steel & Iron Works Ltd., Quebec, Que.; D. Larue Ltée, Quebec, Que.; Adru Granite Inc., Montreal, Que.; Missisquoi Stone & Marble Corp., Philipsburg, Que.; Adélard Marchand Ltée., Quebec, Que.; Gerco Metal Ltée, Quebec, Que.; Adélard Laberge Ltée, Quebec, Que.; A. St-Germain & Fils Inc., St. Hyacinthe, Que.; Stucco, Latte & Plâtre (Qué.) Inc., Quebec, Que.; Cie de Carrélages de Québec Ltée, Québec; Que.; Provincial Flooring Co., Quebec, Que.; Dominion Acoustic Tile Ltd., Montreal, Que.; Antonio Bureau Ltée, Quebec, Que.; National Scale & Equipment Ltd., Montreal, Que.; Anjou Steel Co., Ltd., Montreal, Que.; Montreal Metal Works Products, Montreal, Que.; Ambassador Sales (Que.) Inc., Quebec, Que.; Otis Elevator Co. Ltd., Quebec, Que.; J.-L. Demers Ltée, Quebec, Que.; Canadian Pittsburg Industries Ltd., Quebec, Que.; Dougall Painting & Contracting Co. Ltd., Montreal, Que.; Les Accessoires de Cuisine Ltée, Quebec, Que.; J. Lewin & Co. Ind., Montreal, Que.; Franqo Incorporated, Quebec, Que.

4. 16.

(Text):

INVESTIGATIONS UNDER COMBINES ACT

Question No. 382—**Mr. Mather:**

1. How many investigations have there been under the Combines Investigation Act in the last five years?

2. How many of these have resulted in prosecution and/or fines?

3. What was the amount of the fine, and the name of the firm, in each case?

Mr. Macdonald: 1. 156.*

2. 20.**

3.

Firms, Corporations or Individuals	Amount of Fine
Electrical Contractors Association of Ontario	$ 7,500
Clarence William Dent	7,500
Lyons Fuel Hardware and Supplies Limited	4,000

Questions

Firms, Corporations or Individuals	Amount of Fine
McMaster Fuels Limited	8,000
Soo Falls Brewing Company Limited	3,500
Eddie Black's Limited	1,800
Ultra Opti-Kon Limited	350
Frederick's Department Store Limited	100
Mitchell Photo Supply Ltd.	50
Ace Liquidators Limited	300
Kralinator Filter Limited	1,500
Atlantic Sugar Refineries Limited (now Acadia-Atlantic Sugar Company Limited)	25,000
Canada and Dominion Sugar Company Limited	25,000
St. Lawrence Sugar Refineries Limited	25,000
Tibor Feurstein	75

In five cases the charges are laid but have not yet come to trial and in two cases acquittals are under appeal by the crown.

* This is for the period commencing with the fiscal year 1958-59 and ending with the fiscal year 1962-63 and includes inquiries already in progress at the beginning of the fiscal year 1958-59 and inquiries still in progress at the end of the fiscal year 1962-63.

** Includes cases where charges laid but have not yet come to trial and cases where counsel habe been instructed to proceed and charges not yet laid but does not include cases where counsel have been instructed to proceed pursuant to section 31(2) of the act for an order of prohibition only.

REPATRIATION OF CONSTITUTION

Question No. 396—**Mr. Brewin:**

1. What steps, if any, have been taken or are contemplated with the view to having the constitution of Canada repatriated so that it can be fully amended within Canada?

2. Have any steps been taken or are they contemplated, to reconvene a conference of the attorneys general of the various provinces and the Minister of Justice with a view to working out a procedure for repatriation of the constitution?

3. What steps, if any, have been taken to secure the views of other qualified organizations or individuals with a view to the repatriation of the constitution?

4. Has consideration been given by the government of Canada to incorporating within any proposed amendment of the constitution a constitutional bill of rights which would be binding on legislative authorities?

Mr. Macdonald: 1. None by the present government.

2. No steps have yet been taken, and if and when it is decided to do so, the government will so indicate in due course.

3. None by the present government.

4. Not by the present government.

[Mr. Macdonald.]

CANADIAN IMMIGRATION AND EMIGRATION

Question No. 400—**Mr. Roxburgh:**

1. What was the number of immigrants to Canada for the years 1955, 1956, 1957, 1958, 1959, 1960, and 1961?

2. What was the number of Canadians emigrating to other countries over the same periods?

3. What was the number of Canadians emigrating to the United States over the same periods?

Mr. Dupuis: 1. Information published in annual report, Department of Citizenship and Immigration for the fiscal year ending March 31, 1962, Table No. 3 page 49.

2. and 3. Emigration from Canada 1955-1961:

Year	Total Emigration [1]	Emigration to United States [2]
1955	62,848	37,206
1956	67,005	44,061
1957	73,829	50,057
1958	62,711	35,687
1959	68,647	41,395
1960	74,988	48,682
1961	70,553	45,209

[1] Estimated.

[2] Source: Immigration and naturalization service United States department of justice.

(Translation):

NEW POST OFFICES, PONTIAC-TEMISCAMINGUE CONSTITUENCY

Question No. 402—**Mr. Martineau:**

How many post offices does the Department of Public Works intend to build within the constituency of Pontiac-Temiscamingue in the course of the current fiscal year?

Mr. Deschatelets: A new post office is almost completed at Notre Dame du Nord and it will be occupied in the near future.

The possibility of building a post office at Guigues is under consideration.

(Text):

INDIAN CLAIMS COMMISSION

Question No. 403—**Mr. Willoughby:**

Is consideration being given to the early establishment of an Indian claims commission so that the Indian peoples can have a court for the hearing of their problems?

Mr. Favreau: As I indicated in the house on June 12 in answer to a similar question by the hon. member for Skeena, the question of what method might be used for the settlement of the claims of Indians is one of government policy which will be announced in due course.

ADVISERS TO CANADIAN FISHERIES DELEGATION

Question No. 407—**Mr. Mather:**

1. Were Mr. Koshe and Mr. Giske of the special committee advising the Canadian fisheries delegation in Washington actually in Washington during the fishing conference with Japan last week?

2. Were they consulted before the Canadian delegation left for Washington?

Mr. Robichaud: 1. Mr. Koshe, no; Mr. Giske, yes.

2. Mr. Koshe, no. He left New Westminster for halibut fishing on March 28, 1963. He landed catch from his first trip in Alaska. He was contacted there by telephone on June 6. He flew from Alaska to Washington via Seattle and arrived in Washington on June 11.

Mr. Giske, yes.

HEATING SYSTEM, PENITENTIARY FOR WOMEN

Question No. 410—**Mr. Matheson:**

1. Have any complaints been received respecting the heating system of the penitentiary for women and, if so, in what years, and when?
2. Have investigations been conducted respecting said heating system?
3. What repairs or improvements, if any, to said heating system are being undertaken or within contemplation?

Mr. Macdonald: 1. Yes, during the heating seasons 1961-62 and 1962-63.

2. Yes, investigations have been conducted by the engineering staff of the penitentiary service and by the architectural and engineering staff of the Department of Public Works.

3. To improve the heating facilities, some alterations have been made and others are at present being carried out to the steam service lines. Adjustments have been made to the heating equipment controls. Old ill fitting wooden sash have been replaced with steel sash in the cell block and are at present being replaced in other areas.

A thorough engineering survey of the heating and ventilating of the buildings is in hand by the Department of Public Works. It is intended that additional improvements as are indicated by the survey will be effected prior to the commencement of the heating season 1963-64.

AIDS TO NAVIGATION, LAKE WINNIPEG AND RED RIVER

Question No. 412—**Mr. Stefanson:**

1. What improvements were implemented on lake Winnipeg and the Red river in Manitoba under the aids to navigation program during the years 1960, 1961, and 1962, and what was the cost each year?
2. What is the aids to navigation program scheduled for lake Winnipeg and the Red river, for 1963, and the estimated cost?

Mr. Cantin: 1. (a) Improvements in aids to navigation in Manitoba were carried out as follows for the calendar years listed below:—

Questions

Lake Winnipeg, 1960:

1. Gull harbour, 4 sets of beacon ranges established.
2. Spider island, lighted buoy established.
3. Hnausa reef, lighted buoy established.
4. Icelandic river, light established.
5. McBeth point, entrance to Kinwow bay, light established.
6. North Sandy island, light structure renewed.
7. Victoria beach, light altered.
8. Pine dock, light established.
9. Winnipeg beach, light established.

Lake Winnipegosis:

1. Mapes reef, lighted buoy established.

Lake Winnipeg, 1961:

1. Barrel rock, light structure renewed.
2. Berens river, 2 sets of range lights established.
3. Black island, spar buoy established.
4. Ironwood point, light established.
5. Saskatchewan river, 2 lighted buoys established.
6. Pearson reef, lighted buoy established.
7. Poplar point reef, light structure renewed.
8. Whiteway point, light established.

Lake Winnipegosis:

1. Shoal river, range lights established.
2. Cormorant island, light established.
3. Devils island, light established.

Lake Winnipeg, 1962:

1. Red river, a new type of spar buoy with scotchlite reflector was installed to replace older types of spar buoys.
2. St. Andrew lock, lighted buoy established.
3. Red river forks, new light established.
4. Whiteway point, light altered.
5. Barrel rock, light altered—day beacon improved.
6. Bullhead point, light relocated.
7. Black Bear, light improved.
8. Big Black river, radar reflector installed on buoy.
9. Winnipeg river, six spar buoys established.
10. Warren's landing, range beacons were rebuilt.
11. Bloodvein river, light established.
12. Lake Winnipeg buoys, radar reflectors were placed on all lighted buoys.

Lake Manitoba:

1. Oak point, light established.

(b) The expenditures in connection with the aids to navigation service were as follows for the fiscal years indicated.

	Maintenance and Operation	Capital Expenditures for improvements
1959-60	$25,323	$ 2,724
1960-61	26,612	6,727
1961-62	33,115	12,035
1962-63	30,730	6,589

2. The following are the improvements in aids to navigation proposed to be carried out in 1963 in the lake Winnipeg-lake Winnipegosis-Red river area.

Lake Winnipeg:

1. Alter lighted buoy off Long point.
2. Alter light at the Narrows.
3. Establish light at Tamarac island.
4. Establish lighted buoy at Big Black river.
5. Establish light on Pelican island.
6. Establish range lights into Loon straits.
7. Improve day ranges into Poplar point.
8. Alter light at the mouth of the Red river.

Lake Winnipegosis:

1. Establish 2 sets of range lights in the Papoose channel.
2. Establish 6 unlighted buoys in Papoose channel.

The cost of the above improvements is estimated to be around $15,200 for capital expenditures.

In addition, it is proposed to construct a new agency office, stores and shop building in Selkirk for an estimated amount of $18,000. This will greatly improve the existing facilities at the marine depot.

C.B.C. RADIO STATION, FREDERICTON, N.B.

Question No. 431—**Mr. MacRae:**

Is it the intention to proceed with the construction of a C.B.C. radio station in Fredericton this year and, if so (a) at what stage are the plans at present (b) what is the estimated cost?

Mr. Dupuis: I am informed by the Canadian Broadcasting Corporation as follows. Yes. (a) Negotiations with suppliers of technical equipment are under way. Tenders for transmitter building will be called shortly. (b) For the transmitter and studios over-all estimate of capital cost (land, building and equipment) is $502,750.

(Translation):

*REPENTIGNY, QUE., DREDGING

Question No. 432—**Mr. Pigeon:**

1. Do the estimates for the fiscal year ending March 31, 1964, include an item of $200,000 for the digging of a channel this year at Repentigny?
2. Does the Department of Public Works intend to undertake this work this year and, if not, for what reason?

Mr. Deschatelets: Mr. Speaker, the answer is as follows:

1. Yes.

2. No. Since the tabling of the budget, an investigation made recently has shown that traffic will not be so heavy as previously anticipated. So the high cost of that project would not be justified at the present time.

[Mr. Cantin.]

(Text):

TESTS FOR STRONTIUM 90 AND IODINE 131

Question No. 433—**Mr. Cameron (Nanaimo-Cowichan-The Islands):**

1. What period elapses between sampling of milk by the Department of National Health and Welfare and publication of levels of strontum 90?
2. Are analyses made on pooled samples and, if so, what steps are taken to detect very "hot" lots of milk?
3. Are the results of testing for iodine 131 forwarded to medical health authorities before the strontium 90 results are obtainable as a warning of possible strontium 90 levels?

Mr. Haidasz: 1. The regular monthly reports of the Department of National Health and Welfare are published six to seven weeks after the month in which the samples are taken.

2. Yes, at each sampling station three samples a week are obtained from among the dairies supplying the area and a pooled sample is analysed each month for strontium 90. Strontium 90 levels within a particular sampling area do not show local variations of such magnitude as to require the separate testing of individual lots of milk.

3. Iodine 131 tests are carried out weekly and the results are sent to the provincial health departments immediately. However a high level of iodine 131 does not indicate that a high level of strontium 90 is to be expected.

(Translation):

MONTREAL—EMPLOYMENT OF TEMPORARY POST OFFICE STAFF

Question No. 442—**Mr. Valade:**

Has the Postmaster General given instructions to any official in his department regarding the method of employment of temporary or supernumerary employees, at Montreal or elsewhere and, if so, what is the nature of such instructions?

Mr. Denis: No.

(Text):

FARM LOAN APPLICATIONS, CHAPLEAU CONSTITUENCY

Question No. 445—**Mr. Laprise:**

1. How many applications for farm loans were received from residents of the constituency of Chapleau in 1962 and 1963?
2. Of these numbers (a) how many were approved (b) what was the amount of each loan approved?

Mr. Beer: The Farm Credit Corporation does not maintain statistical records on a constituency basis. However, the municipal counties of Abitibi East and Abitibi West approximately coincide with the constituency of Chapleau, and the answer is as follows:

1. 1962, Abitibi East—nil; Abitibi West—nil. 1963, Abitibi East—nil; Abitibi West—7.

2. (a) 1962, Abitibi East—nil; Abitibi West—nil. 1963, Abitibi East—nil; Abitibi West—7 in process.

(b) 1962, Abitibi East—nil; Abitibi West—nil. 1963, Abitibi East, nil; Abitibi West, 7 loans are in process but have not as yet been approved.

ENCOURAGEMENT OF BEEF CATTLE RAISING, CHAPLEAU CONSTITUENCY

Question No. 446—**Mr. Laprise:**

1. Does the government contribute in any way to beef cattle raising in the province of Quebec?
2. If so (a) since when (b) what is the amount of its contribution (i) for Quebec (ii) for the constituency of Chapleau?
3. Are tests being carried out for possible encouragement of beef cattle raising in the constituency of Chapleau and, if so (a) where (b) who is responsible for these tests (c) what results have been obtained to date?

Mr. Beer: 1. Yes. The government operates the following policies that are designed to contribute to beef cattle improvement in the province of Quebec.

(a) Sire loan policy (bull loaning policy). Under this policy, bulls are available on loan to groups of farmers who have been officially organized as bull loaning associations consisting of not less than three members.

(b) Record of performance for beef cattle. A joint federal-provincial program designed to provide purebred beef breeders with a herd test that will facilitate "within herd" improvement based on individual performance of animals in the herd, which in turn will have an influence on the quality of the breeding stock of the commercial cattle industry.

(c) Beef carcass grading.

Government inspectors grade beef carcasses on request at all federally inspected plants across Canada. These carcass grades may be used as a basis of settlement between producer and processor. Carcass grading can indirectly influence the quality and conformation of beef cattle and consequently can assist producers to market a quality product.

In addition experiments conducted at the Lennoxville, the Ste. Anne de la Pocatiere and the Normandin experimental farms are providing new information on forage crop varieties, and pasture and hay crop management which is basic to the production of feed to maintain a beef cattle industry.

2. (a) (1) Records indicate that the bull loaning policy has operated continuously in the province of Quebec since 1914.

(2) The record of performance for beef cattle program has been in operation since 1956 with only one purebred herd in Quebec participating to date.

(3) The beef grading policy was inaugurated in 1929.

(4) The experimental farm at Lennoxville was established in 1914.

Questions

(b) (1) (a) bull loaning policy operations in the province of Quebec 1914-1962:

Breed	No. Bulls Placed	Total cost
Aberdeen-Angus	31	$ 13,149.00
Hereford	134	$ 47,165.00
Shorthorn	738	$162,677.00
	903	$222,991.00

2. (b) (1) (a) Total number of bulls on loan in the province of Quebec at June 14, 1963:

Dairy	70
Beef	35
Total	105

(b) With only one Quebec herd participating in the record of performance beef program at the present time, the cost is negligible.

(c) The actual costs of the various grading programs are not identifiable, but the estimated cost of the beef grading program in Quebec for 1962 is $40,000.

(d) That portion of the cost of the research program which is directed toward beef cattle, as such is, not identifiable.

(2) Records do not show bull placements by constituency but as far as can be determined no beef bulls have been placed in the constituency of Chapleau since 1955. The cost of the other programs, insofar as they benefit beef cattle raising, are not identifiable by constituencies.

3. No tests are being carried out for the specific purpose of encouraging beef cattle production in the constituency of Chapleau. The information available as a result of experimental work conducted in connection with beef cattle is available to all; it is particularly available to provincial agronomes, and through them to all farmers in Quebec.

(Translation):

C.N.R.—TERM OF OFFICE OF PRESIDENT

Question No. 450—**Mr. Valade:**

Does the government intend to renew the term of office of the president of Canadian National Railways, Mr. Donald Gordon, at the expiration of his present appointment?

Mr. Cantin: Details of Mr. Donald Gordon's appointment as president and of his appointment as a director and chairman of the Canadian National Railway Company were given in the reply made on June 5, 1963, to a question on the order paper (*Hansard*, page 678).

Any announcement in this matter will be made in the usual manner.

Questions

(Text):

GASPE RAIL LINE

Question No. 476—**Mr. Fisher:**

1. Has the government received any new data on cost estimates for its railroad planned in the Gaspe since the enabling legislation was passed?
2. If so, in what ways have the original estimates presented to the house been altered?
3. What agency, using what survey methods, developed the more recent cost data?
4. Has there been any reappraisal of the revenue prospects of this projected railroad and, if so, how many years will it take before the estimated annual revenue meets both operating and capital cost debt charges?
5. Is the government considering the question of not going ahead with the railroad and, if so, when does it expect to make the decision?

Mr. Cantin: 1. Yes.

2. Materials increase in costs.

3. The Canadian National Railways, using its standard techniques for preliminary field survey.

4. Yes; not in the immediately foreseeable future.

5. Matters involved are under government consideration.

CHEESE EXPORTS AND IMPORTS

Question No. 479—**Mr. Prittie:**

1. What quantities of Canadian cheese were exported to the United States for the years 1959, 1960, 1961, and 1962, and what was the dollar value for these amounts for each year?
2. What quantities of cheese were imported into Canada from the United States in 1959, 1960, 1961, and 1962, and what was the dollar value of these quantities for each year?
3. Are negotiations now being carried on with the United States with a view to increasing the quantities of Canadian cheese which may be imported into the United States?

Mr. Pepin: 1 and 2. Exports and imports of cheese between Canada and the United States in the years 1959-1962 were as follows:

	Domestic Exports		Re-Exports		Imports	
Year	Lb.	Value	Lb.	Value	Lb.	Value
1959	447,500	$233,423	24,900	$15,098	1,561,671	$ 860,038
1960	624,000	343,271	59,600	21,272	1,369,480	902,405
1961	607,200	312,578	12,200	9,477	1,779,053	1,143,294
1962	566,200	311,870	14,500	8,047	1,718,007	1,143,052

3. Since 1951, Canadian cheddar cheese imports into the United States have been restricted by an import quota of 500,000 pounds per annum.

The government has already had discussions on this subject with United States authorities, and will be holding further consultations with a view to obtaining improved access to that market for aged Canadian cheddar cheese.

LETTER CARRIER SERVICE, SELKIRK, MAN.

Question No. 481—**Mr. Stefanson:**

1. When was a survey last made in the town of Selkirk by the Post Office Department with a view to implementing letter carrier service?
2. What was the result of that survey?
3. What is the minimum number of calls required before letter carrier service is installed?
4. Will there be a survey made in the town of Selkirk this year?
5. If the survey is favourable, how soon will letter carrier service be implemented?

Mr. Denis: 1. March, 1962.

2. It revealed 2,300 available calls.

3. 2,500.

4. Yes.

5. When treasury board authority to proceed has been obtained and 80 per cent of the householders have installed letter slots or boxes, house numbers and suitable pathways from the street.

[Mr. Cantin.]

GAME FISH STOCKING, MCADAM AREA, N.B.

Question No. 482—**Mr. MacRae:**

Has a survey been completed by the Department of Fisheries in the McAdam area of New Brunswick with a view to stocking the lakes and streams of that area with game fish?

Mr. Robichaud: No.

PUBLICATION OF 1961 CENSUS MATERIAL, PORT ARTHUR—FORT WILLIAM

Question No. 483—**Mr. Fisher:**

Is it the intention of the census division of the d.b.s. to publish material from the 1961 census dealing with the lakehead cities of Port Arthur and Fort William as it is doing for such cities as Sudbury and Windsor, and, if not, for what reason?

Mr. Pepin: All statistics of the 1961 census which are published for cities of 30,000 and over include the same data for Port Arthur and Fort William as for such cities as Sudbury and Windsor. However, there is one set of data which is compiled and published for cities when they reach 50,000 population that would not be available for Fort William and Port Arthur from the 1961 census. This refers to the basic population and housing data which are being published for 23 of Canada's largest cities on the basis of census tracts. These census tracts are statistical areas delineated within cities of 50,000 and over, and the tracts average usually from 4,000 to 8,000 population in size. When a city reaches

the foregoing level, the appropriate municipal authorities are asked if they would be interested in census data on a tract basis, if they have not already requested it. They are then asked to delineate the tract boundaries for use by census authorities in compiling these data in following censuses.

INDUSTRIAL DEVELOPMENT BANK LOANS, PORT ARTHUR

Question No. 484—**Mr. Fisher:**

1. Since its establishment, by year, what loans has the industrial development bank branch in Port Arthur made, in terms of kind (i.e. woods industry, motels, retail outlets, etc.), value, and percentage share of total outlay (aside from interest)?
2. What is the total loan debt, including interest, outstanding as of now?
3. What number and kind of loans, if any, have been repaid?
4. What has been the operational cost per year of the branch in Port Arthur?

Mr. Benson: 1, 2, 3 and 4. The information requested is not available. Loan approvals are classified by provinces on pages 16 and 17 of the last annual report of the industrial development bank and by types of businesses on pages 18 and 19 of that report.

TRANSACTION BETWEEN TRANSAIR LTD. AND T.C.A.

Question No. 485—**Mr. Fisher:**

1. In the transactions between Transair Limited and T.C.A. in 1963 regarding acquisition of planes, did T.C.A. have a book value for these planes or was their depreciation complete?
2. Did T.C.A. enter into this transaction on the recommendation of the Minister of Transport, or was it a straight negotiation between the two carriers?

Mr. Cantin: 1. Yes.

2. It was a straight negotiation between the two carriers.

POST OFFICE CONSTRUCTION, ST. LAURENT, MAN.

Question No. 486—**Mr. Stefanson:**

Is it the intention of the government to build a post office at St. Laurent, Manitoba, this year?

Mr. Denis: No.

WINTER WORKS EXPENDITURES, B.C. COMMUNITIES

Question No. 487—**Mr. Howard:**

For the fiscal year 1962-63, how much money, if any, was spent under the so-called winter works program for each of the communities of Atlin, Lower Post, Telegraph Creek, Stewart, Alice Arm, Kincolith, Greenville, Canyon city and Aiyansh, and for what projects in the case of each such community?

Mr. Byrne: Nil. No submissions were received from these communities.

CRIMINAL CODE AMENDMENTS RESPECTING CRUELTY TO ANIMALS

Question No. 488—**Mr. Mather:**

Has the government received requests from the humane societies of Canada to make prosecutions of persons suspected of cruelty or neglect of animals more readily undertaken in respect to sections 385 to 390 of the criminal code, and, if so, is consideration being given to amending the pertinent sections?

Mr. Macdonald: The answer to both parts of the question is yes.

*CANADIAN DELEGATION TO FISHERIES MEETING

Question No. 489—**Mr. Howard:**

What is the name and address of each of the persons on the Canadian delegation who travelled to Washington, D.C., to attend the recently convened meeting relating to the international convention for the high seas fisheries of the North Pacific ocean?

Mr. Robichaud: Mr. Speaker, as the reply to this question has already been given by me in the house in answer to questions directed to me, may I be allowed to table it herewith?

Dr. A. W. H. Needler, deputy minister of fisheries, Ottawa. S. V. Ozere, assistant deputy minister of fisheries, Ottawa. Dr. W. M. Sprules, special assistant to deputy minister of fisheries, Ottawa. R. T. Hager, 5560 Somerset Crescent, Vancouver, B.C. J. M. Buchanan, 2095 Beach Avenue, Vancouver, B.C. C. E. Giske, 225, 5th Ave., W., Prince Rupert, B.C. F. E. Koshe, 1370 Minto Drive, Vancouver, B.C. W. R. Hourston, area director, Department of Fisheries, Vancouver, B.C. K. S. Ketchen, fisheries research board, Nanaimo, B.C.

*NOTIFICATION OF DELEGATES TO FISHERIES MEETING

Question No. 490—**Mr. Howard:**

With respect to each of the persons, by name, on the Canadian delegation who travelled to Washington, D.C., to attend the recently convened meeting relating to the international convention for the high seas fisheries of the North Pacific ocean, what was (a) his point of departure from Canada (b) his date of departure from Canada (c) his date of arrival in Washington (d) his (i) travelling and (ii) other expenses (e) the date upon, and the method by, which he was notified that he was to attend (f) the date and nature of any reply which was given to the notification referred to in part (e)?

Mr. Robichaud: The reply to this question is lengthy, Mr. Speaker, and the same applies as with the previous question, No. 489. May I be permitted to table it herewith?

Mr. Speaker: Has the minister leave?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to above follows:*]

Name	(a) Point of departure from Canada	(b) Date of departure from Canada	(c) Date of arrival in Washington	(e) Date upon and method by which he was notified that he was to attend	(f) Date and nature of any reply which was given to notification referred to in Part (e)
Dr. A. W. H. Needler	Ottawa	June 5, 1963	June 5, 1963	May 24, 1963 — Orally	†
S. V. Ozere	Ottawa	June 5, 1963	June 5, 1963	May 24, 1963 — Orally	†
Dr. W. M. Sprules	Ottawa	June 5, 1963	June 5, 1963	May 24, 1963 — Orally	†
R. T. Hager	Vancouver	June 9, 1963	June 9, 1963	May 28, 1963 — By telephone	May 28, 1963 — Affirmative, for one week.
J. M. Buchanan	Toronto	June 6, 1963	June 6, 1963	May 28, 1963 — By telephone	May 28, 1963 — Affirmative.
C. E. Giske	Toronto	June 5, 1963	June 5, 1963	May 27, 1963 — By telephone	May 28, 1963 — Affirmative.
F. E. Koshe	*New Westminster	Mar. 28, 1963	June 11, 1963	June 6, 1963 — By telephone	June 6, 1963 — Affirmative.
W. R. Hourston	Toronto	June 5, 1963	June 5, 1963	May 24, 1963 — By telephone	†
K. S. Ketchen	Toronto	June 5, 1963	June 5, 1963	May 24, 1963 — By telephone	†

(d) Travelling and other expenses will not be known until members of delegation have returned to Canada.

† Civil servants were instructed to attend.

* Mr. Koshe left for halibut fishing on March 28, 1963. He landed his first trip in Alaska and did not return to Canada. He was contacted in Alaska on June 6, and flew from there to Washington via Seattle.

SOVIET OR CUBAN DIPLOMATS DECLARED PERSONA NON GRATA

Question No. 494—**Mr. Balcer:**

Since 1955, have any members of embassies of Soviet bloc countries or Cuba been declared persona non grata by the Canadian government as a result of improper acts affecting the security of Canada, and have been requested to leave Canada; and, if so, how many, and in what years?

Mr. Stewart: Yes. It is a matter of public knowledge that three individuals were declared persona non grata and left Canada as a result of official requests that they be recalled. These were Mr. G. F. Popov of the Soviet embassy in 1956, Mr. Stanislas Michno of the Polish embassy in 1958, and Lieut. Colonel A. F. Loginov of the Soviet embassy in 1961. There have been other cases involving personnel of the embassies of Soviet bloc countries in which the recall of personnel was requested but to which no publicity was given. In these matters it is not always in the public interest to provide information, and I am conscious that my predecessor faced these same difficulties when he decided on April 26, 1961, in response to a similar question, to decline to provide details about such cases.

GOVERNMENT BONDS REDEEMED

Question No. 497—**Mr. Pigeon:**

1. Among the government of Canada bonds issued from 1914 to the present time (a) how many were redeemed (giving serial numbers) (b) in what years (c) in what amounts?
2. How many of the bonds mentioned in question No. 1 were bearer bonds (giving serial numbers)?
3. How many were registered bonds (giving serial numbers)?
4. Of the bonds mentioned in questions numbered 2 and 3 (a) what was the total amount of the bearer bonds (b) what was the total amount of the registered bonds?

Mr. Benson: Mr. Speaker, the hon. member has agreed to withdraw this question.

Question withdrawn.

NICKEL ORE CONCENTRATE PRODUCTION

Question No. 498—**Mr. Pigeon:**

What was, by provinces, the total tonnage of nickel ore concentrates produced last year in Canada?

Mr. Pepin: Data, by provinces are not available in compliance with section 15 of the Statistics Act.

NICKEL ORE CONCENTRATE EXPORTS

Question No. 499—**Mr. Pigeon:**

1. What was the total tonnage of nickel ore concentrates exported last year to the United States?
2. How much foreign exchange has that exported ore brought into Canada?

Questions

Mr. Pepin: 1 and 2. There are no separate figures on exports of nickel ore concentrates. Exports of nickel in ores, concentrates, matte or speiss (class 255-20) to the United States in 1962 totalled 479 tons valued at $677,388.

IRON ORE PRODUCTION

Question No. 500—**Mr. Pigeon:**

What was, by provinces, the total tonnage of iron ore produced last year in Canada?

Mr. Pepin: Producers shipments of iron ore 1962:

	Tons
Newfoundland	7,712,000
Quebec	11,460,000
Ontario	6,518,000
British Columbia	1,750,000
Canada	27,440,000

IRON ORE CONCENTRATE EXPORTS

Question No. 501—**Mr. Pigeon:**

1. What was the total tonnage of iron ore concentrates exported to the United States last year?
2. How much foreign exchange has that exported ore brought to Canada?

Mr. Pepin: 1 and 2. Exports of iron ore concentrates (including agglomerated iron ore) (export classes 251-08 and 251-12) to the United States in 1962 totalled 8,109,106 tons valued at $85,374,225.

COPPER ORE CONCENTRATE PRODUCTION

Question No. 502—**Mr. Pigeon:**

What was, by provinces, the total tonnage of copper ore concentrates produced last year in Canada?

Mr. Pepin: Data, by provinces, are not available in compliance with section 15 of the Statistics Act.

IRON COPPER CONCENTRATE EXPORTS

Question No. 503—**Mr. Pigeon:**

1. What was the total tonnage of iron copper concentrates exported to the United States last year?
2. How much foreign exchange has that exported ore brought into Canada?

Mr. Pepin: 1. and 2. There are no statistics of exports of "iron copper concentrates" from Canada.

UNEMLOYMENT INSURANCE FOR TEMPORARY EMPLOYEES, QUEBEC ROADS DEPARTMENT

Question No. 504—**Mr. Martineau:**

Has the federal government received from the government of the province of Quebec a request to include temporary employees of the roads department of the province of Quebec in the provisions of the Unemployment Insurance Act?

Mr. Byrne: Yes.

Questions

POST OFFICE DEPARTMENT EMPLOYEES

Question No. 506—**Mr. Perron:**

How many employees are there in the Post Office Department and, of these (a) how many are bilingual (b) how many speak English only (c) how many speak French only (d) how many are French Canadians?

Mr. Pickersgill: Mr. Speaker, I wonder whether questions 506 to 566 inclusive could stand?

Mr. Gregoire: Mr. Speaker, I think this question was asked of the Postmaster General, and I cannot see why the Secretary of State should answer.

(Translation):

Mr. Denis: I would point out to my hon. friend that some of those questions concern the Secretary of State and others the Postmaster General. That is why the Secretary of State has answered.

(Text):

Mr. Speaker: Questions 506 to 566 inclusive stand.

Question stands.

COMMEMORATIVE STAMP FOR COLONEL MCCRAE

Question No. 567—**Mr. Hales:**

Is the government giving consideration to issuing a commemorative stamp in memory of the late Col. John McCrae of Guelph, Ontario, the author of the immortal poem, "In Flanders Fields"?

Mr. Denis: Not at present.

UNEMPLOYED BETWEEN AGES OF 45 AND 60

Question No. 569—**Mr. Martineau:**

1. How many persons between the ages of 45 and 60 years of age are at present unemployed in Canada?
2. How many of such persons have been unemployed at least six months during the last nine months?
3. How many of such persons are in receipt of unemployment insurance benefits?
4. How many of such persons are in receipt of pensions?

Mr. Byrne: 1. The number of unemployed persons 45 years of age and over is estimated at 91,000; the number between 45 and 60 is not available.

2. It is estimated that approximately one quarter of those unemployed 45 years of age and over are unemployed at this time of the year for more than six months.

3 and 4. This information is not available.

FISHERIES RESEARCH LABORATORY, LONDON, ONT.

Question No. 570—**Mr. Thomas:**

Is a new fisheries research laboratory building to be constructed in the London area to replace the building now in use there and, if so, what progress has been made in connection with this project?

[Mr. Byrne.]

Mr. Robichaud: Present plans do not provide for construction of a fisheries research laboratory in the London area.

(Translation):

CLERKS AND POSTMEN, HULL, QUE.

Question No. 572—**Mr. Leduc:**

How many (a) clerks grade 2 (b) postmen were hired in the Hull post office from November 24, 1960, to November 24, 1962?

Mr. Denis: (a) 1 postal clerk 2. (b) 3 letter carriers (postmen).

(Text):

DAILY PRINTINGS OF HOUSE OF COMMONS "HANSARD"

Question No. 577—**Mr. Knowles:**

1. How many copies of the daily edition of the House of Commons *Hansard* are printed each day on the average (a) the English edition (b) the French edition?
2. What steps are taken to promote the widest possible distribution thereof?

Mr. Dupuis: In so far as the department of public printing and stationery is concerned—

1. (a) 11,574; (b) 3,117.

2. Over 60,000 copies of a printed circular are distributed across Canada before each session of parliament, to promote the House of Commons *Hansard*. The debates are on sale every day in the queen's printer's bookstores in Ottawa, Toronto and Montreal.

PENSION BY-LAWS, BANK OF CANADA

Question No. 581—**Mr. Fisher:**

1. Has the Bank of Canada a set of pension by-laws and, if so, was a section or rule of those by-laws suspended by the board of the bank and for what reason?
2. Is the suspension still in effect and, if so, what effect does it have upon the pension received by, or entitled to by, any former senior employees of the bank?
3. Has the government, as distinct from the Bank of Canada, received any communications from Mr. James Coyne, a former governor, regarding any pension entitlement he may have?

Mr. Benson: 1 and 2. The Bank of Canada pension fund is a separate and distinct fund made up of past contributions by the staff and the bank, plus accrued earnings thereon. Information relating to the fund is not a matter of public record.

3. No.

CIVILIAN USE OF NAMAO R.C.A.F. STATION, EDMONTON

Question No. 583—**Mr. Lambert:**

Is any consideration being given to the development of the facilities at R.C.A.F. station Namao for civilian air terminal purposes, either ancillary to or as an alternative to the Edmonton international airport or the municipal airport of the city of Edmonton?

Mr. Hellyer: No.

(Translation):

MAIL CONTRACT, STE. SCHOLASTIQUE, QUE.

Question No. 601—**Mr. Pigeon:**

Does Mr. Leo Paul Robert, Ste. Scholastique (county of Deux Montagnes) have a mail contract; if so, (a) since when (b) does the government intend to allow him to operate under this contract until the expiration of the four year period?

Mr. Denis: Yes—Ste. Scholastique R.R. No. 2. (a) 1st October 1959. (b) No. Tenders are presently being called for a new contract to become effective on October 1, 1963.

(Text):

RESTOCKING OF FISHING STREAMS, LUNENBURG COUNTY, N.S.

Question No. 602—**Mr. Crouse:**

Has the Minister of Fisheries carried out any surveys in Nova Scotia with a view to improving sport fishing and, if so, will he give consideration to restocking the lakes and streams of the Gold river area of Lunenburg county with trout and salmon?

Mr. Robichaud: Continuous surveys are carried out throughout Nova Scotia with the object of improving fishing. So far as Gold river is concerned plans have been laid for a preliminary survey this year to determine the course for most effective action.

SPECIAL ASSISTANT TO EXTERNAL AFFAIRS MINISTER

Question No. 606—**Mr. Fisher:**

1. Has the Secretary of State for External Affairs taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the secretary of state and/or what engagement in length of time was given to the assistant by the secretary of state?

3. In brief, what particular qualities of this assistant led the secretary of state to engage him?

Mr. Stewart: 1. Yes, a special assistant; Name: Mr. James Duncan Edmonds. Age: 27 yrs. Place of birth: Toronto, Ont.

Institutions of education: University of Toronto, B.A. (honors); London school of economics, postgraduate.

Experience: Office of the leader of the opposition 1960-61; Lecturer, political science, Carleton Univ. 1961-1963.

Initial and present salary: $10,000 per annum.

2. No length of time specified.

3. His experience and knowledge of international affairs.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEATHS FROM HEART DISEASE AND CANCER

Question No. 218—**Mr. McMillan:**

1. During the last five years, how many persons in Canada have died each year from (a) heart disease (b) cancer?

2. What federal grants are provided annually for research into the causes and treatment of these diseases?

3. On what basis, and in what manner, have these grants been distributed?

4. What Canadian institutions have received these grants?

Mr. Dupuis: Return tabled.

ARMED FORCES PERSONNEL—AIR FORCE FLYING PAY

Question No. 390—**Mr. McIntosh:**

1. As of May 1944 and May 1963, what was the total officer personnel, excluding militia and reserves, of the (a) navy (b) army (c) air force?

2. As of May 1944 and May 1963, what was the total number of officers of the ranks listed hereunder: (a) navy (i) captain (ii) commodore (iii) rear admiral (b) army (i) colonel (ii) brigadier (iii) major general (c) air force (i) group captain (ii) air commodore (iii) air vice marshal?

3. How many R.C.A.F. officers, and on what rank, are receiving flying pay while performing full time duties which do not necessarily involve flying?

4. What number of R.C.A.F. officers, and of what rank, receive flying pay while performing full time duties which do not involve flying for (a) jet aircraft (b) conventional aircraft?

5. What is the total annual cost of flying pay to R.C.A.F. officers while performing full time duties which do not necessarily involve flying?

6. What is the total estimated cost of supplying aircraft and maintaining aircraft for the purpose of the program to give flying time to R.C.A.F. officers engaged in other full time duties?

7. How many R.C.A.F. personnel are engaged as instructors and servicing aircraft for the program to give flying time to R.C.A.F. officers whose full time duties do not necessarily involve flying, and what is the total annual pay of these servicing and instructional personnel?

Mr. Hellyer: Return tabled.

GROSS NATIONAL PRODUCT, INVESTMENTS, ETC.

Question No. 423—**Mr. Perron:**

1. During the years 1950 to 1962 inclusive, what was the value of the gross national product (a) in current dollars (b) in constant dollars (1949 = 100)?

2. During each of these years, what was the average annual earnings of wage earners (a) in current dollars (b) in constant dollars (1949 = 100)?

3. During each of these years, what was the average annual income of Canadian farmers (a) in current dollars (b) in constant dollars (1949 = 100)?

4. During each of these years, what was the average annual income of farmers in the province of Quebec (a) in current dollars (b) in constant dollars (1949 = 100)?

5. During each of these years, what amounts were invested (a) in the public sector (b) in the private sector?

6. During each of these years, what were the foreign investments in Canada?

7. During each of these years, what were the amounts of Canadian investments abroad?

8. What amounts were paid out annually for each of these years to foreign companies or individuals in (a) interest (b) dividends (c) profits (d) capital repayments?

Mr. Pepin: Return tabled.

MOTIONS FOR PAPERS

REPRESENTATIONS BY UNEMPLOYMENT INSURANCE COMMISSION

Motion No. 5—**Mr. Knowles:**

That an order of the house do issue for a copy of any directives or memoranda on the subject of representations to the Minister of Labour regarding employment issued by the unemployment insurance commission or any official thereof, dated at any time since November 1, 1962.

He said: Mr. Speaker, the minister and I have had our word about this motion. I am prepared to withdraw it and to substitute a question in its place.

Mr. Speaker: Dropped.

Order discharged and motion withdrawn.

REPORTS BY JOSEPH DREAVER

Motion No. 7—**Mr. Howard:**

That an order of the house do issue for a copy of all reports of Mr. Joseph Dreaver who was employed to survey the Indians of Saskatchewan in respect of their reactions and recommendations concerning the findings of the joint committee of the Senate and House of Commons on Indian affairs.

Mr. Favreau: Tabled herewith.

Motion agreed to.

WORLD FAIR SITE

Motion No. 12—**Mr. Pigeon:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence and reports on the site of the 1967 world's fair exchanged between the government and the following other governments or bodies concerned: (a) international joint commission (b) St. Lawrence seaway authority (United States and Canada) (c) St. Lawrence river pilots' association (d) national harbours board (e) Canadian National Railways (f) Quebec hydro (g) city of Verdun (h) Canadian association for the protection of birds (i) Department of Transport (j) town of St. Lambert (k) government of the province of Quebec (l) Canadian world exhibition corporation.

Mr. Pickersgill: Mr. Speaker, I believe the hon. gentleman has graciously agreed to let this motion stand.

Mr. Pigeon: I agree.

Motion stands.

ST. PIE DE BAGOT, QUE.—CONSTRUCTION OF PENAL INSTITUTION

Motion No. 14—**Mr. Ricard:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the government or any of its agencies or departments and any provincial or municipal government, individuals or organizations since January 1, 1958, in respect of the construction of a penal institution in the parish of St. Pie de Bagot.

Mr. Pickersgill: In the absence of the Minister of Justice I wonder if the hon. gentleman would be good enough to let this motion stand.

Mr. Ricard: Yes.

Motion stands.

DIRECTOR OF COMPANIES BRANCH

Motion No. 16—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence relating to the post of director of the companies branch, from July, 1959 to May 17, 1963, exchanged between the civil service commission, ministers of the crown, any applicants for the post, and any other person or persons, including those who hold provincial offices.

Mr. Pickersgill: I understand that the hon. member for Port Arthur has had some discussion with one of the civil service commissioners about this motion and that there was some understanding between them. I wonder if the motion could stand today?

Mr. Speaker: Stand.

Motion stands.

CORRESPONDENCE RESPECTING MUNICIPAL LOAN BOARD

Motion No. 19—**Mr. Grafftey:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the federal government and the gov-thereof and any of the provincial governments or agents thereof since April 30, 1963, concerning the establishment of a municipal development and loan board.

Mr. Pickersgill: Mr. Speaker, there appears to be a regrettable misprint with regard to the hon. member's motion and, as far as I can gather after a great deal of deciphering, motion No. 21. In the circumstances I wonder if the hon. members would both agree to have the motions reprinted so the house can see what they really are?

An hon. Member: And rewritten, too.

Mr. Valade: I think the Secretary of State is referring to motion No. 21 which is in my name. I think it is clear enough—

Mr. Speaker: I am sorry to interrupt the hon. member, but we are dealing with motion No. 19.

Mr. Valade: I understood the Secretary of State to mention motion No. 21.

Mr. Pickersgill: I wonder if I might make the request that both motion No. 19 and motion No. 21 should stand. In view of the misprinting of them, hon. members on this side of the chamber have not had a real opportunity to consider what the motions are.

Mr. Grafftey: Will the minister please indicate, in order to facilitate my thinking on this matter, what he considers to be the misprint?

Mr. Pickersgill: Perhaps I could read line 3:

—and other documents exchanged between the federal government and the gov-thereof and any of the provincial governments—

After a great deal of working on it I came to the conclusion that the last line of the motion of the hon. member for Brome-Missisquoi was put after motion No. 21 and that two or three lines which belong to the motion of the other hon. gentleman were put after this one. However, it is so mixed up that I think new ministers should not be blamed for not being able to understand them. I am sure everyone will agree that we ought to have them reprinted.

Mr. Valade: Mr. Speaker, I wish the Secretary of State would take these motions one after the other as they appear on the order paper so that we can discuss the merit of the argument about the matter of mix-up.

Mr. Pickersgill: I shall be very happy to do that. I believe the hon. member for Brome-Missisquoi is good enough to comply with my request.

Mr. Grafftey: Yes.

Motion stands.

(Translation):

[*Later:*]

Mr. Grafftey: Mr. Speaker, with the leave of the house, I should like to point out to the Secretary of State that on reading the French version of my motion in the order paper, I note that it is printed correctly in one of the official languages of our country, the French language. For that reason, could the Secretary of State or his parliamentary secretary tell the house that he is willing to accept my motion?

(Text):

Mr. Pickersgill: Well, Mr. Speaker, the hon. member for St. Mary made the same discovery about 10 minutes ago that the hon. member for Brome-Missisquoi has now made, but I think in view of the fact that debate on the budget is to start today and we are holding up the financial critic of the opposition, and in view of the additional circumstance I mentioned to the hon. gentleman that the minister had not had a chance to consider it, I hope the hon. member would not seek to withdraw the acquiescence he gave.

(Translation):

Mr. Grafftey: Mr. Speaker, I want to emphasize the fact that the minister has a French speaking parliamentary secretary at his service. It seems to me that I have introduced my notice of motion in a completely correct manner in one of the two official languages of this country, and all I am asking the Secretary of State is whether or not he is ready to accept my notice of motion.

(Text):

Mr. Pickersgill: I do not think that the motion relates to my ministerial responsibilities at all.

Mr. Speaker: I may say at this stage that there is no debate on this type of motion, and the hon. member for Brome-Missisquoi did agree to have the motion stood.

Mr. Grafftey: On a question of privilege affecting all hon. members of the house—and I think this is a very serious point—I admit that in the English language in orders of the day there was a mistake in my notice of motion, but I also brought to the attention of the minister that in the French language my notice of motion was correct. I think his party, who said they were going to save confederation and sweep the province of Quebec, should indicate their good will by accepting immediately my notice of motion.

Mr. Speaker: If the hon. member will permit me, did not the hon. member for Brome-Missisquoi raise a question of privilege?

Mr. Grafftey: Yes, Mr. Speaker, a point of privilege.

Mr. Speaker: If the hon. member will refer to citation 104(5) of Beauchesne he will see the matter must be raised at the earliest opportunity, and of course that is so here.

Mr. Grafftey: Well, Mr. Speaker—

Mr. Speaker: Perhaps the hon. member will allow me to finish. I think it is important for the general good order of proceedings in the house that the record be kept straight, and I do not see any basic urgency about this motion, particularly after the hon. member has agreed to allow it to stand. It is important that both languages correspond as fully as possible with regard to this type of motion. Therefore I suggest that the interesting discussion we have had and are having should be delayed a few days until the matter has been cleared up.

Mr. Grafftey: Could I just mention one thing, Mr. Speaker. In *Votes and Proceedings*

for the last number of days my intention to move this motion was correctly printed in both languages. I examined Orders of the Day today as soon as possible when I came into the house, and unless this is a subterfuge on the part of the government of the day trying to delay this question, they should deal with it in a spirit of good will immediately.

Mr. Pickersgill: I thought I was dealing with it in a spirit of good will, and if the hon. gentleman had done what the hon. member for St. Mary did—to discover that the French version was correct at once and not 10 or 15 minutes later—it seems to me he might have had a point like the hon. member for St. Mary, who graciously accepted the request from the government that since it had been misprinted we should wait until it was correctly printed in both languages.

I suggest if bilingualism is to mean anything it must be bilingualism, and that the order paper should be correct in both languages and comprehensible to all hon. members at the time the motion is put. It seems to me, sir, you have quite properly ruled that this matter cannot be reopened at this stage.

Mr. Grafftey: I would like to bring it to the minister's attention that the Orders of the Day I had in front of me when I came into the house was in the English language, and I brought this question before the house at the earliest possible time in all good conscience.

I would also like to point out to the government side that they were fully seized of the import of my question in both the official languages for the last number of days because it was included in *Votes and Proceedings*. I am just bringing an important principle before them. When a question in *Votes and Proceedings* or Orders of the Day is brought before the house in either one of the official languages, then the house is seized of the question. For that reason I would like a spirit of good will to be shown, and I would like the Secretary of State to indicate today whether my notice of motion is going to be accepted or not.

Mr. Pickersgill: I suggest that if the rules of the house are properly complied with we make the best possible progress in the house, and that is the best way to have a spirit of good will.

Hon. Leon Balcer (Three Rivers): I think it is absolutly wrong to suggest that anything written in French on the order paper should have to be delayed a week. I think it should be the same for both languages, and I think the hon. member for Brome-Missisquoi has a proper right to have this correct in both languages.

[Mr. Grafftey.]

Mr. Speaker: May I point out to all hon. members that a decision of the house was taken, and now 15 minutes later this matter has arisen. The matter of course is very important, but when the house has taken a decision I would like all hon. members to get on with the further business before the house. If, on the other hand, hon. members feel so keenly about the matter and the house is prepared to give unanimous consent, then the Chair has no objection.

Mr. Valade: On the question of privilege, Mr. Speaker, the Secretary of State said motions 19 and 21 were badly drafted. When the Secretary of State said that I think he found an excuse not to comply with the requests of hon. members of parliament on this side of the house. It was not Your Honour who said that. It was said by the Secretary of State, and I think a decision should be given by the Chair with regard to what the Secretary of State said.

Mr. Pickersgill: I did not say they were badly drafted at all.

Mr. Valade: You did.

Mr. Pickersgill: The record will show that I said what is a fact, that they were badly printed, and I made no criticism whatsoever of the drafting. When my statement was challenged by the hon. member for Brome-Missisquoi I read part of it to show it was badly printed. I explained it was badly printed. I therefore made no criticism whatsoever of the drafting, but I confess I did not read the motions a couple of days ago when they first appeared on *Votes and Proceedings*. Perhaps that is a sin, but when I looked at the order paper this morning it took me five or ten minutes to decipher what I think is the correct explanation of it. But all ministers are busy doing other things than finding misprints in the order paper, and it seems to me we are making a mountain out of a molehill over this whole business. So far as I am concerned I think if the hon. member is so anxious to get this correspondence about lotteries, then possibly the government would not have any objection to having the motion passed so we can proceed with the business of the country.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. It seems to me we have spent far too much time on this point of procedure. The whole question concerns a misprint. The hon. member has agreed to allow his motion to stand, and unless we have the unanimous consent of the house to go back on that agreement, I suggest we proceed with the business before the house.

Mr. Grafftey: Mr. Speaker, you have just ruled on my question of privilege—

Mr. Speaker: Order. I am sorry, but the hon. member has had a generous allowance of time.

Mr. Grafftey: —but there was unanimous consent to accepting my motion.

Mr. Speaker: Does the house give unanimous consent to reverting to this motion?

Some hon. Members: Yes.

Some hon. Members: No.

DEFENCE PRODUCTION—CORRESPONDENCE WITH STEWART GEDDES

Motion No. 20—**Mr. Orlikow:**

That an order of the house do issue for a copy of all correspondence between Mr. Stewart Geddes and the Minister of Defence Production and any other officials in his department.

He said: I have talked to the minister and I am prepared to withdraw this motion.

Order discharged and motion withdrawn.

CORRESPONDENCE RESPECTING LOTTERIES

Motion No. 21—**Mr. Valade:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the federal government or any agency-ernment of the province of Quebec relating to lotteries.

Mr. Pickersgill: Is the hon. gentleman willing to comply with my request?

Mr. Valade: I will accept the suggestion, but I do not see that there is any trouble in reading this motion.

Mr. Pickersgill: Then may I read the last two lines of the motion:

—and other documents exchanged between the federal government or any agency-ernment of the province of Quebec relating to lotteries.

Mr. Valade: Mr. Speaker, in reply to the minister and because of the bicultural interest he has shown, may I ask him to read the French version of the motion? There is no misunderstanding the French translation.

Mr. Pickersgill: I am only too happy, Mr. Speaker, to pay tribute to the superiority of the French version.

Mr. Valade: Then perhaps the minister could give a superior answer to the one he has given.

Motion stands.

WORLD FAIR—CORRESPONDENCE WITH MONTREAL MAYOR

Motion No. 22—**Mr. Valade:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all telegrams, letters and other correspondence exchanged between the mayor of Montreal and the federal government since April 8, 1963, relating to the Montreal world fair.

Mr. Deschatelets: I was ready to answer this motion, Mr. Speaker.

(Translation):

Mr. Speaker, this motion can be entertained on the understanding that personal and confidential documents will be considered as privileged.

Mr. Valade: Mr. Speaker, I am willing to accept the minister's reservation, but in view of the fact that this matter is extremely important to establish if the exhibition will be held or not, I wonder what reservation the minister has in mind. In my opinion, we should have more information on that matter.

Mr. Deschatelets: It is the customary reservation, Mr. Speaker. If there are confidential documents, it goes without saying that we cannot produce them, but we will produce all the others.

(Text):

Mr. Valade: There was no reservation indicated by the minister in connection with this motion.

Mr. Pickersgill: This is No. 22.

Mr. Valade: I am sorry; I thought we were on 23.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Motion agreed to.

(Translation):

NEW ROUTE FOR TRANS-CANADA HIGHWAY, MONTREAL

Motion No. 23—**Mr. Valade:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the correspondence exchanged between the federal government, the government of the province of Quebec and the city of Montreal, relating to the new lay-out of the trans-Canada highway on the island of Montreal.

Mr. Deschatelets: Mr. Speaker, with the reservation made for the previous motion, this motion is acceptable provided the personal and confidential documents be considered as privileged and also that agreement be obtained from the provincial government.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation made by the minister?

Some hon. Members: Agreed.

Motion agreed to.

(Text):

DOMINION-PROVINCIAL JOINT PLANS

Motion No. 24—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the government, or any agencies or departments thereof, and any provincial government, since April 21, 1963, relating to joint plans.

Mr. Pickersgill: I am asking the hon. gentleman if he would mind allowing this motion to stand today. I should like to discuss the wording with him because we are not quite sure what he means by joint plans.

Mr. Martineau: I am always very pleased to have a discussion with the minister.

Motion stands.

OUTSIDE ASSISTANTS IN BUDGET PREPARATION

Motion No. 25—**Mr. Aiken:**

That an order of the house do issue for a copy of all letters and correspondence that, since April 8, 1963, passed between the Minister of Finance and any companies, partnerships or persons respecting the securing of the services of each of the three persons named by him in his statement to this house on June 14 as having had knowledge of the contents of the budget speech before delivery.

Mr. Gordon: I would be quite willing to agree to this motion, but there is no such correspondence.

Mr. Aiken: In the circumstances I will withdraw the motion.

Order discharged and motion withdrawn.

WHEAT AGREEMENT WITH CHINA

Motion No. 26—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the long term agreement signed by the Canadian wheat board and the China resources company covering the period June 1, 1961 to December 19, 1963.

Mr. Pickersgill: I wonder if the hon. member for Port Arthur would agree, in the absence of the Minister of Trade and Commerce, to allowing this motion and the next one to stand? The minister has not had a chance to consider them.

Mr. Fisher: I regretfully agree, in view of the fact these motions are so familiar to the government.

Motion stands.

WHEAT CONTRACTS WITH CHINA

Motion No. 27—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all contracts entered into between the Canadian wheat board and the China resources company for the sale of grain under the long term agreement between the Canadian wheat board and the China resources company.

[Mr. Speaker.]

Mr. Speaker: I understand this motion also stands.

Some hon. Members: Agreed.

Motion stands.

EXPENSES OF CANDIDATES, 1963 ELECTION

Motion No. 28—**Mr. Knowles:**

That an order of the house do issue for a return showing the total amount of election expenses on behalf of each candidate in the general election of April 8, 1963, by constituencies, as indicated in the return respecting election expenses submitted by the official agent of each candidate, as required under the provisions of section 63 of The Canada Elections Act; and showing also the names of any candidates, by constituencies, on whose behalf election expense returns have not been submitted.

Mr. Pickersgill: In this case, I wonder if I might be permitted to raise a question about this motion. I understand that the final date for some of these returns has not yet arrived, and that strict compliance with the motion might involve indicating that some candidates had not made returns which they were not yet legally required to make. I am quite sure we all understand what the hon. gentleman wants from this motion, and if it were clearly understood that it could be complied with as though it had been passed after the date when each of these returns should legally be made, then it seems to me no such misunderstanding could arise.

Mr. Knowles: I think the minister's reservation is satisfactory. We all understand that, for most of us, the date is past, but for those very distant areas there might be a week or so to go.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservation previously expressed by the minister?

Motion agreed to.

CORRESPONDENCE RESPECTING RAIL LINE ABANDONMENT

Motion No. 29—**Mr. Horner (Acadia):**

That an humble address be presented to His Excellency praying that he will cause to be laid before the house a copy of all correspondence, telegrams, projected plans and documents between the federal government or any agency or branch thereof and any provincial government, persons or organizations since January 1, 1961, with regard to rail line abandonment.

Mr. McIlraith: Mr. Speaker, I have spoken to the mover of the motion and I understand he is not requesting correspondence concerning every individual case of abandonment, but rather that there should be produced the correspondence relating to the implementation of the recommendations of the MacPherson commission on the subject of branch

lines. Subject to this reservation and to obtaining the consent of the provincial governments regarding correspondence with the provincial governments, there is no objection to the motion.

Mr. Speaker: Is there any objection to the reservations as stated by the minister?

Some hon. Members: No.

Mr. Speaker: Is it the pleasure of the house to adopt the motion subject to the reservations stated by the minister?

Some hon. Members: Agreed.

Motion agreed to.

FINANCE

WITHDRAWAL OF PARAGRAPH 11 OF EXCISE TAX ACT BUDGET RESOLUTION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a couple of questions to the Minister of Finance. I am sure they will be received in that good spirit which is apparent here today. Did the minister advise Mr. Kierans last night that resolution No. 11 of the budget was going to be withdrawn; and did he so advise anyone else today?

I ask him these questions because the stock market reacted so quickly this afternoon. Was it as a result of his having given second thought to this important matter and not being entirely dependant on the three budget tinkers?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I gave no information to Mr. Kierans, and I did not make any statement to anybody else until I came into this house, other than the Prime Minister and certain members of the cabinet.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I have a supplementary question. In view of this announcement does the minister consider it advisable to delay the budget debate while he revises his budget or brings in a new one?

Some hon. Members: Oh, oh.

Mr. Eldon M. Woolliams (Bow River): A further supplementary question, Mr. Speaker. Are any other items of the tax proposals in the budget under consideration for being withdrawn by the government?

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary question for the Minister of Finance in view of his announcement on motions. Will he also consider withdrawal of the tax on building materials, with regard to which there has been much criticism?

Mr. Gordon: Mr. Speaker, in view of the condition of the country's finances I am not considering that suggestion.

Mr. Thomas M. Bell (Saint John-Albert): I have a supplementary question, Mr. Speaker. Will the Minister of Finance give the same consideration to representatives of small business as he did to Mr. Kierans and others?

Mr. Gordon: Mr. Speaker, the short answer to that is, certainly—

An hon. Member: Then give it.

Mr. Gordon: —but I would like, in addition, to say that the change or the deferment that I announced on motions today would be made in this particular tax was done despite Mr. Kierans.

Mr. Diefenbaker: Despite him?

Mr. Smith: To spite him?

REQUEST FOR INVESTIGATION INTO STOCK MARKET TRANSACTIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Prime Minister a question that arises from a previous question concerning the use of outside contractors, being paid by their companies, in the preparation of the budget. My question arises from an examination I have made of the accelerated selling pattern in stocks, particularly in certain oils, in the weeks immediately before the budget. Would the Prime Minister consider having the officials of the Montreal and Toronto stock exchanges investigate the share trading pattern in terms of what companies, agents and brokers handled it, in order that we can be sure there has been nothing more than intelligent anticipation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be glad to submit the hon. gentleman's request to the officers of those stock exchanges, over which the government has no control.

Mr. Baldwin: A supplementary question, Mr. Speaker.

Mr. Douglas: I have a supplementary question also, Mr. Speaker.

Mr. Speaker: The hon. member for Peace River.

Mr. G. W. Baldwin (Peace River): In view of the statement made earlier by the Minister of Finance that the government will continue with the practice of obtaining the assistance of outside government sources, will the Prime Minister give consideration to introducing legislation to provide an oath of secrecy which

will be legal and binding, as distinct from the methods used in the preparation of the budget?

Mr. Pearson: Mr. Speaker, the oath of secrecy given in the case to which my hon. friend refers was legal and binding.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, while the government may have no control over the stock exchanges, may I ask the Prime Minister whether he himself is prepared to have a study made of the trading pattern? Will he make such inquiries as are necessary, to see that there have not been any leaks with reference to the budget, because of the prior drop in oil and pipe line stocks?

Mr. Pearson: Mr. Speaker, in so far as this is a matter of governmental and ministerial responsibility I will be very glad indeed to make inquiries.

Mr. Diefenbaker: Mr. Speaker, in that connection—

Mr. Speaker: The right hon. prime minister.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: —could I repeat the suggestion I made to the Prime Minister yesterday, when I asked him whether he would consider having this whole question referred, either to a special committee of the house or a standing committee. In this way it would be possible to call these people and have them brought before the committee and ascertain something of the dealings that took place during the period of some days prior to the budget being brought down. There would then be no intrusion of governmental responsibility, but we would have an opportunity of calling these various people before the committee in a completely non-partisan way—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: —and would be able to secure the most objective information. It would reveal that nothing happened, or it might reveal something else.

Mr. Pearson: Mr. Speaker, if the right hon. gentleman has any evidence on which to base the suspicion he has indicated, he can produce it in the budget debate. Then the government will be able to consider whether the procedure which he recommends would be useful in the circumstances.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: At least the Prime Minister has the support of the Secretary of State; one can see that. I simply ask, will the Prime Minister give parliament an opportunity to get the facts regarding these tinkers who were brought in in connection with the budget?

Mr. Pearson: Once again, Mr. Speaker, I would ask the right hon. gentleman to put his questions properly. When he refers to gentlemen outside this house as tinkers, that is not the proper way to put a question, and I would—

Some hon. Members: Oh, oh.

An hon. Member: Who is the Speaker?

Mr. Pearson: —also like to tell the right hon. gentleman that I do not believe in guilt by innuendo or insinuation.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. I am sure hon. members will appreciate the fact that the proceedings are now taking on the nature of a debate rather than questions across the floor. I wonder whether we could proceed with urgent business.

Mr. Diefenbaker: Mr. Speaker, I rise on a question of privilege.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: There was no insinuation; there was no innuendo: there was a request for information, and the Prime Minister is trying to hide behind a smokescreen.

REPORTED HEAVY BUYING OF BUILDING MATERIALS BEFORE BUDGET PRESENTATION

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I have a question for the Minister of Trade and Commerce, but in his absence perhaps I could ask it of his parliamentary secretary. Would the minister be good enough to tell the house whether it is true that fabulous orders for building materials were placed immediately prior to the budget. Will the minister investigate and give the house particulars?

Mr. Jean-Luc Pepin (Parliamentary Secretary to Minister of Trade and Commerce): I am sure that on behalf of the minister I can say he will investigate.

INCLUSION IN BUDGET OF PROVISION FOR DEBT FREE MONEY

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Due to the fact that during the last session of parliament this government, when in opposition, supported a Social Credit amendment in favour of debt free money, and due to the fact that the Minister of Finance called in outside consultants—

Some hon. Members: Order.

Mr. Smallwood: I rise on a question of privilege.

Mr. Speaker: And, if I may say so, I am rising on a question of privilege, too. It is this. Would the hon. member kindly state his question in as succinct a form as possible; and the question should be an urgent one.

Mr. Smallwood: I am just leading up to my question. Ever since this government came to office it has refused to answer questions, and now hon. members opposite refuse to listen.

Mr. Pickersgill: On a point of order, the hon. member was quite properly asked by Your Honour to put his question, not to make a speech. It seems to me that if any progress is to be made in this house at all, and if we are to get on with the budget debate which hon. members seemed to think was so urgent two days ago, the rules of this house should be observed.

Mr. Churchill: On a point of order, this lecturing of the house by the Secretary of State is becoming a disgraceful practice. He is lecturing, not speaking to the point of order.

Mr. Speaker: Perhaps we could have a little order and then my modest remarks might be listened to. Questions must be urgent in character. We have had considerable indulgence, liberty, leaning to the left and to the right. I would urge upon hon. members that we are here to do business. The length of the question period has increased during the past four weeks to an hour and periods which are sometimes longer than that. It used to be that the question period was reserved for urgent questions and took about half an hour. Hon. members must discipline themselves. The Chair can only attempt to apply the rules under standing orders. It is up to each hon. member to take upon himself the responsibility of making sure when he asks a question that it is urgent and that it has arisen within the last 24 or 48 hours. I appeal to hon. members to assist me to try to get a little order and cut down the time spent on questions. The questions asked must be necessary questions, topical questions, urgent questions. Again I appeal to hon. members to assist the Chair.

Mr. Smallwood: I will try to assist the Chair by shortening my question. Since the Minister of Finance called in outside consultants, would he explain why he did not consult also with one or two of the Social Credit leaders in order that he might include debt free money in the budget instead of increasing taxes?

(Translation).

INQUIRY AS TO ISSUANCE OF BILINGUAL CHEQUES

On the orders of the day:

Mr. Gerard Girouard (Labelle): Mr. Speaker, since one of my constituents has just returned to me a cheque issued by the treasury board and drawn up in English only, could the Minister of Finance tell the house whether the publicity made by the former government about bilingual cheques has become a reality—and, if not, whether the present government intends to do something about it?

(Text):

Hon. Walter L. Gordon (Minister of Finance): I thank the hon. gentleman for having given me notice of this question. I am informed that an announcement was made in the house in February 1962 by the then minister of finance that the treasury board had directed that, upon the depletion of existing stocks of cheque forms, and of those on order at that time, forms printed in both English and French would be adopted in the case of all cheques drawn on the account of the receiver general.

Over 90 per cent of the five million or so cheques issued each month by the federal treasury are in bilingual form at the present time, and the remainder will all have been converted to bilingual form before the end of the current fiscal year.

PROTESTS AGAINST APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): May I address a question to the Prime Minister, of which I have not given notice. Has he received a telegram from eight lumber companies in the county of Pictou, Nova Scotia, protesting the 11 per cent sales tax, expressing concern for the 268 employees involved and urging a reconsideration of this step? If so, would he give serious consideration to the representations of these firms which are so important to the economy of the area, in spite of what the Minister of Finance has already said this afternoon?

Right Hon. L. B. Pearson (Prime Minister): Overlooking the last part of the question, I cannot say whether I have received this particular telegram. If and when I do receive it, I shall certainly give it consideration.

Mr. William Dean Howe (Hamilton South): I wish to address a question to the Minister of Finance. Will the minister comment on a telegram, a copy of which I sent to him,

which protests the 11 per cent sales tax on building materials, sent by the metropolitan Hamilton house builders association? This association does 85 per cent of the building in the Hamilton area—

Mr. Speaker: Order. I understand the hon. member is stopping at the end of that first paragraph. Is that right?

Hon. Walter L. Gordon (Minister of Finance): I thank the hon. member for having sent me notice of this question. I have received a number of letters and telegrams, including one from the president of the metropolitan Hamilton house builders association, referring to the withdrawal of the sales tax exemption for building materials. These are all receiving careful attention.

I would like again to refer to the statement in the budget speech that relief will be provided in cases where a manufacturer or contractor is prevented by a fixed price contract signed before June 14 from including the new tax in his selling price. Provision for this relief is made in paragraph 13 of the excise tax resolution, and details concerning its application will be available from the Department of National Revenue.

Hon. Leon Balcer (Three Rivers): I should like to ask the Minister of Finance if he has made arrangements to meet with the president of the national housebuilders association to discuss this matter and see if there is any possibility of extending the same treatment.

(Translation).

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Prime Minister. Has he considered the serious effects of the imposition of the 11 per cent sales tax on building materials, which will result not only in a sharp rise in rents, but also in an increased cost of living?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, these matters have all been considered.

[*Later:*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I direct my question to the Minister of Finance and I regret that I have not had the opportunity to give him prior notice of it. In view of the fact the excise department has notified manufacturers of prefabricated homes that the 11 per cent sales tax applies to the total retail package and not just to the material content, is the minister considering a change in these regulations which will correct this inequitable situation?

[Mr. Howe (Hamilton South).]

Mr. Gordon: I will be glad to look into that matter, Mr. Speaker; I am not familiar with it.

VOCATIONAL TRAINING

SUGGESTED CAMPAIGN TO INCREASE ENROLMENT

On the orders of the day:

Mr. Arnold Webster (Vancouver-Kingsway): I have a question for the Minister of Labour. In view of the fact that 70 per cent of Canadian youth never complete high school, and leave without adequate preparation for entry into business or industry, has the department any plans for a campaign this summer to persuade more students to enrol next fall for training in one of the vocational or technical institutions maintained by federal grants?

Mr. Speaker: I am sorry to interrupt the hon. member but that is a question for the order paper.

SHIPBUILDING

REPORTED CONSTRUCTION IN JAPAN OF SHIPS TO CARRY CANADIAN ORE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to direct a question to the Minister of Transport. Has the minister received a telegram from Mr. René Barras, secretary of the Union of Shipyard Workers of Lauzon, Inc., protesting the construction in Japan of 18 cargo ships at the cost of one billion dollars for the transport of Canadian ore, and requesting a government representative at the next union meeting to explain the downward movement of their contracts? If so, what reply has been made?

Hon. G. J. McIlraith (Minister of Transport): No such telegram was received by the Minister of Transport. However, one was received at noon, sent to his parliamentary secretary. I have seen it, but no reply has been prepared as yet.

Mr. Douglas: Would the minister care to make a statement regarding this action by the Canadian Javelin Company in placing this order in Japan for these cargo ships?

Mr. McIlraith: Not at this time, other than to say that this appears to be a private transaction between two private corporations over which the government has no control. However, I want to have the matter looked into. I am not sure that it is one exclusively for the Minister of Transport; other departments may be concerned. I will have the whole matter looked into, and a fuller reply will be given at a later date.

(Translation):

INCOME TAX

ROUYN, QUE.—INVESTIGATION INTO CHARITABLE DONATIONS

On the orders of the day:

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Could he tell the house whether the income tax office in Rouyn has been directed to scrutinize very closely the receipts for charitable donations? An investigation bordering on hysteria is being carried out at present in that district.

(Text):

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, I should like to thank the hon. member for his courtesy in advising my office that he intended to ask this question. I should like to tell him that in the ordinary course of verifying the tax returns filed by taxpayers residing in the district, the Rouyn district office and indeed other district offices throughout Canada have been examining and verifying the authenticity of supporting documents such as charitable donation receipts, medical receipts, etc., filed by taxpayers in support of deductions for income tax. There have been cases where the receipts filed in support of charitable donations have been questioned, and those organizations which issued the receipts have been visited to establish the authenticity of the receipt. There have been no special instructions issued to the Rouyn office of the taxation division in this regard, but the staff there have been performing their duties according to the usual procedure followed each year for the checking of tax returns.

POWER

COLUMBIA RIVER—REQUEST FOR ESTIMATE OF COST OF DAMS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Northern Affairs and National Resources based on my question yesterday and his reply to it. I ask it because it is of national, current and urgent importance, Mr. Speaker.

In view of the continued requests from many interested organizations across Canada, engineers and other persons, for the latest information with respect to the estimated costs of the construction and related costs of dams proposed in the Columbia river treaty, and particularly the high Arrow dam, has the minister any unofficial figures he can give us or any other information that will answer these inquiries, which are streaming in every day?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I want to congratulate the hon. member on his diligence in this matter. Yesterday I replied to him that the only official estimates that we had in respect of the construction costs of the dams were those which were included in an answer that was made on December 3, 1962. He will recall that in respect of the three dams which were mentioned in the entire project at that time there had been a constant upward curve of costs to the extent that I think the involvement of the three dams increased by some $54 million in one year. I think there is a certain feeling in the country that that percentage of increase will continue. But he will agree with me, of course, that we cannot go by conjecture.

I want to tell the hon. member that I have been informed that more recent studies and investigations have been undertaken by the province of British Columbia through agencies which they employed, and I think he will agree with me that since they employed these agencies the findings are their property. Therefore I think it would be highly improper for me to attempt to obtain those figures or to take responsibility for them before this house.

Mr. Herridge: A supplementary question. Has the minister heard from some reliable sources or from conversations that the cost of the high Arrow dam has now increased from $72 million to $124 million?

Mr. Laing: No, Mr. Speaker, I did not hear the latter figure.

Mr. Herridge: The figure was $124 million.

Mr. Laing: Yes, I heard the hon. member, but I have not heard that figure mentioned.

PARLIAMENT BUILDINGS

CENTRE BLOCK—AIR CONDITIONING OF ELEVATORS

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a pedestrian question of no national importance whatever for the Minister of Public Works. He will recall that I wrote to him some time ago asking if he would investigate the possibility of installing some ventilating or air conditioning device in the elevators of the building, because in the hot weather it becomes an intolerable task for those who operate the elevators. I wonder if he is in a position to answer now.

Mr. Howard: Especially with people smoking.

Inquiries of the Ministry

Hon. J. P. Deschatelets (Minister of Public Works): No, Mr. Speaker, but the matter will be looked into and I will report in the next few days.

(Translation):

ROYAL CANADIAN MOUNTED POLICE

USE OF WARRANTS IN BOTH LANGUAGES

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I wanted to ask a question of the Minister of Justice but, in his absence, I will direct it to the Prime Minister. Is he aware that a resident of Hull is being sought by the R.C.M.P. and that he refuses to submit to the warrant for his arrest because it is written in English only?

(Text):

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I am not aware of the case. If the hon. gentleman would give me details I will be glad to look into it. I am sure the man in question is reluctant to be imprisoned on a warrant in any language.

(Translation):

Mr. Gregoire: Mr. Speaker, may I explain the meaning of my question? It deals with a traffic violation which the said individual committed on parliament hill. Afterwards, a summons and a warrant for arrest, drawn up in English only, were delivered to the R.C.M.P. to be served to the accused. Could the Prime Minister tell us whether the warrants of the R.C.M.P. are drawn up in both languages?

(Text):

Mr. Pearson: No, Mr. Speaker, but I will be glad to look into it.

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES FOR CERTAIN CLASSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Is the minister now in a position to indicate when the overdue pay increases will become effective for certain categories of the public service?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I regret that I seem to have been a little busy in the last few days and I have not had a chance to get down to that matter, but I am very anxious to do so.

Mr. Knowles: A supplementary question. Is the minister in a position to make any report to us on his meeting with the representatives of the civil service organizations?

Mr. Gordon: We had a meeting on Friday the 14th. It was a very good meeting, but I think it would be inappropriate to discuss what went on at that meeting until we reach a conclusion.

BUSINESS OF THE HOUSE

INQUIRY AS TO NOTICE OF FURTHER LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Prime Minister. This being day No. 59 in the life of the government, can the Prime Minister indicate whether the other pieces of legislation to which he referred last week will appear on the order paper by tomorrow, and will they include the pension legislation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if the hon. gentleman will look at *Votes and Proceedings* for tomorrow he will find some additional resolutions which will be of interest to him.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, June 13, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, in resuming the adjourned debate, before dealing with the budget proper I should like at the outset to comment briefly on the situation which was disclosed in the House of Commons last Friday respecting the participation in the preparation of the budget of alleged experts from outside the public service. This is in no way an attack on any individual and certainly not on the minister or those associated with him. If there were any wrongdoing, this debate would not be necessary as, of course, the minister would have resigned and the ones who are responsible and who are associated with him would have earned the dishonour and disrespect of their fellow Canadians. In this connection there is no such development at the moment and I am sure, as I hope and believe, that there will not be any. However, the fact that integrity is not one of the issues at the moment does not make the matter any less serious. It is not the integrity of the minister but rather his judgment or his lack of it that is under attack, a mistake in judgment which goes to the very root of our

system of government. In this connection I would suggest that everyone should read—and I am sure most hon. members have done so—the article by I. Norman Smith in the Ottawa *Journal* of Monday last. It is not necessary for me to tell this house that Mr. Smith is no Conservative partisan in any way, shape or form.

Some hon. Members: Oh, oh.

Mr. Nowlan: It would be a great tribute to him if he were. However, I am afraid he does not deserve that tribute. In very moving, forceful and eloquent language he has expressed his contempt for a wrong done to our system of governmental financial control and the reflection on and the insult to our civil service.

There are those who suggest that it is perfectly proper for the Minister of Finance to receive advice on matters affecting the budget. I think those who attempt to defend this action on that ground have missed the point entirely. Of course, there is no objection to the receiving by the Minister of Finance of advice in connection with the budget. Even if he did not desire it, he could not help but get it, as for weeks beforehand he is deluged with delegations and representatives of all sorts of associations and groups who are putting their proposals before him, and properly so. During the year he receives scores and, I presume, hundreds of letters, some of which are wise and some not quite so wise, making suggestions as to changes which should be made in the tax system. To receive such advice, to listen to it, to consider it and even to request it is perfectly proper conduct on the part of the Minister of Finance. He could and should do no less. However, that is an entirely different thing from not only having received advice but having brought into his office employees of a financial house not only to give advice but to prepare and to help to write the budget while still on the payroll, as at least some of them were, of these financial houses that obviously are directly concerned with the provisions of the budget.

This is so contrary to our tradition, our practice, and our principles that it seems absolutely incomprehensible that it could have happened. However, it did happen. I suggest with all deference that it can be explained only by the fact that it was done by a minister who has not been in this house so long that he has acquired the traditions and the background of this house, or the principles under which all governments have operated in the past. I do not think the public generally realize the way in which secrecy has always been a traditional part of the making of a budget. The drafting is done in various sections, no one of which can be connected with another so that one can understand what is being done. Gradually after draft upon draft have been prepared, these are finally brought together and in the office of the deputy minister of finance and possibly one assistant deputy and two or three of the senior private secretaries, the final work of compiling the draft of the budget is done. That is the accepted practice arising out of a long history and a long tradition indicating the absolute necessity of avoiding a leak, consciously or unconsciously and of assuring the public that the Minister of Finance, like Caesar's wife, is above suspicion. As hon. members well know, we take the precaution of locking up the press gallery until the minister of finance delivers his speech, as today it has an impact on every man and every woman in all walks of life and upon all the facets of our economy.

May I refer to the budget proposal which I understand has been withdrawn this afternoon. I have here a memorandum which explains the statement which I could not quite hear when the minister read it. If that budget proposal were still in effect or is to be renewed, it would have applied to the sale of shares worth over $50,000 on the stock market in any one day. To you or to me, Mr. Speaker or at least to me, $50,000 is a fairly substantial sum of money. However, I know that to a good many people it is not a major expenditure. If on Thursday morning or Wednesday there had been negotiated a sale of, shall we say $1 million worth of shares of a certain corporation,—and I am told that is a fairly frequent practice on many days—there would have been no tax. On Friday, if that were done, under the wicked legislation which has just now been withdrawn there would have been a tax of $300,000. One can easily see the impact that this budget might have had without any question of any relief whatsoever.

I am saying again that we are not questioning the integrity of any individual. However, our whole system of government is under attack as all hon. members in this house know. We hear altogether too many insinuations, suggestions, and references to the fact that the big shots, those on the inside, are able to make the money and that the little fellow, the ones on the outside, are being exploited by those on the inside. Sometimes there may be some merit in that criticism, but often I suggest it is without foundation. However, action such as this which has been carried out in this particular connection will certainly add fuel to those suggestions. All one needs to do is to walk up and down the streets of Ottawa during the days after the

budget was disclosed. All one had to do was to ride in a taxicab in the city, in order to find that feeling being expressed bitterly and affirmatively.

Just as important as are all these matters is the effect this action has had or might have had—and I believe to some extent has had—upon our senior civil servants. I can speak, I think, with a little bit of authority, of the service in the Department of National Revenue where I spent several happy years, and also with the civil servants of the Department of Finance with whom unfortunately I could not spend as much time as I should have liked to do. One cannot speak too highly of the quality of these civil servants. It is a well known fact that the officials of the Department of Finance have always been responsible for the final preparation or drafting and the discussion which ended in the culmination of the budget.

May I again refer to that article by I. Norman Smith which appeared the other night. As he says, and I am now not quoting but merely paraphrasing his language: the top men in the Department of Finance bring to the preparation of the budget a knowledge and instinct of where we have come from and where we are going. There is a process, a progress in governing a country which the brightest of "outside" minds cannot be expected to understand or even see. That statement, in my opinion, very succinctly expresses the opinion of the department. Through years of practical experience and through their association with many brilliant minds which have gone before them—one could name them but I will not do so now; I refer to ministers and deputy ministers—these persons, with their knowledge of the problems, and particularly as perhaps we have had a clear example today, of the pitfalls, which confront a budget maker or the manufacturer of a budget, bring to the minister assistance in the preparation of a budget which is next to perfection. This perfection is apparently lacking in the budget presented by the minister last Thursday night. As I said, no greater proof of that could be brought forward than the amazing retreat that took place here this afternoon.

As I said the other evening, this budget is a confusion of platitudes and partisanship. On reading it, I can see where there are some matters of substance to it, but that is on a hit and miss basis. It only underlies the lack of experience of the minister's new braintrust which was substituted for his civil servants. Now, from the knowledge I have of what has gone on in the past in the preparation of budgets, and from the reading of the form and content of this budget, and knowing something of the style and manner of writing

of these senior officers of the department, I think I can say without any question whatever that the senior officers of the department had very little, if anything, to do with the final drafting of this budget.

The minister says he takes full responsibility for the preparation of the budget. Of course, he does. All of his cabinet colleagues have to do likewise because that is a matter of cabinet responsibility. The minister had better take responsibility for it because, having disregarded the reputation for efficiency of the senior officers, having disregarded what his actions could have done or may have done to the morale of these officers, I doubt if he could expect them to accept too much responsibility for the other provisions which are probably just as vulnerable as the one which was withdrawn this afternoon.

I should like to quote from Mr. Smith's article again, and with this I will complete my remarks on this aspect of the matter.

> That is why the opposition parties in the Commons have a duty to denounce the wrong in the strongest terms and demand from Mr. Gordon a full apology in such unequivocal terms that the precedent that has been set will be a precedent to ensure it never will recur.

Now, Mr. Speaker, I will turn to the budget itself, or what is left of the budget. I do not suppose any official critic was ever in this position. Perhaps no official critic ever had such a tribute paid to his prowess. Having spoken for some 15 or 16 minutes the other evening, before he gets an opportunity to speak again he finds that the main elements of the budget have been withdrawn. One wonders whether that is a tribute to the prowess of the member of the parliament or the stock exchange. It is certainly an amazing development. If this were a resolution which had been brought forward, I feel, sir, you would have to take a look at the rules to ascertain whether or not the house had been seized with this resolution and whether it could be withdrawn at this stage without unanimous consent. I do not believe that, technically, this is a resolution, per se. This was a draft section of a bill of which notice was given, and on a future date the Excise Tax Act would be amended by adding certain sections to it.

I feel it is a rather interesting question, Mr. Speaker, as to whether or not that practice is one which is in accordance with our rules. I am not raising any objection to it at the moment. However, I wanted to mention it because if one is confronted with the responsibility of speaking on matters on the assumption that the house has been seized with them, and yet before one has had an opportunity to complete his speech on these very critical matters he finds they have been

withdrawn, great difficulty is created. This matter, upon which one might have devoted a great deal of time has now been removed, for my present purpose at any rate. This may be a good thing for the house. I shall not speak at as great a length as I had intended to speak, not that I had intended to speak at any great length. Conversely, of course, I would not have had to burn the midnight oil studying that section, had I known this action was going to take place this afternoon.

It is a good thing it did because I hope this is the first step toward various other retreats that the minister should make. Just before coming into the chamber, and before I heard about this retreat, I received a note to the effect that the stock exchange had gone off 9.95 points up until 2.30 this afternoon. Then at 2.40 after the announcement was made in the house, the stock market started climbing again. How far it has climbed, I do not know. I assume that fortunes have been made on this rise this afternoon.

Some hon. Members: Shame, shame.

Mr. Nowlan: I think some reference should be made to this matter. I am making no suggestions whatever, but tomorrow morning we will see what the figures are in respect of the stock exchange transactions. According to what I have heard, the stock market is boiling and the inference is fairly obvious.

An hon. Member: Smears.

Mr. Nowlan: There is no smear whatever. One does not have to smear when you see stupid procedures taken from which the Minister of Finance (Mr. Gordon) has had to retreat.

As I have said, there are many comments I should make about the budget, but they have certainly been shortened by what has happened today. I had intended to spend a considerable part of the time on this particular matter. There are other matters I could have developed, such as the withholding tax, the club and the carrot which are held out at certain times. I could have developed other aspects but I will have to leave them for other speakers. I have not sufficient notes in front of me to develop these points satisfactorily this afternoon.

As I have said, the budget was a confusion of partisanship and platitudes. There were also gimmicks in it. There were some good points as well. I had a telephone call yesterday, as a matter of fact I had a great many telephone calls. I have never been the financial critic before, Mr. Speaker, so I do not know how many calls a financial critic usually receives. I received scores of them yesterday from all over Canada, from St. John's, Newfoundland to Vancouver, criticizing the various sections of the budget. There was criticism not only of the provision which was withdrawn this afternoon but others as well. One person suggested that this budget should be called "government by gimmick". There are a lot of gimmicks in it, Mr. Speaker, a lot of window dressing. If one reads it carefully, he sees so much window dressing and so much difficulty in administering any sort of positive program set forth, that he wonders if it is not all window dressing. In fact, after one examines all the various provisions he finds the budget creates a picture of speedy dissolution and an election before the people find out how difficult it would be to administer.

There are some positive notes, of course, like the disallowance of the $5,000 car capital cost. This certainly is a concrete proposal and one which I think is worthy of commendation, certainly by all of us who do not own $5,000 cars. I do not believe our revenue position will be improved very much by this provision, but I am sure the minister was not expecting that. However, it would go to some extent towards redressing the adverse balance of payments. I think it is one definite program, and a good one. Then, in the next breath, you get this reference to the cost of living, to expense accounts and the general expressions of piety and being against sin.

Then it goes on to say that the government is directing the Department of National Revenue to tighten up its administration and enforce the law. I suggest if the government has to direct the deputy minister to that end, then it should ask for his resignation. If he is inefficient, if he is not carrying out the law, it should ask for his resignation. But it will not do that because members of the government know the administration is efficient.

Looking around the house I can see a good many faces, not all on this side of the house, who came to me on more than one occasion when I was Minister of National Revenue, sometimes with tears, sometimes with imprecations, condemning the tightness of the administration of the department and suggesting it should be relaxed rather than tightened. I know my predecessor, the former hon. member for Eglinton, made some reference to this a couple of years ago. I am sure whatever could be done was done at that time with respect to these expense accounts but, if there is going to be an enforcement of the law, then let the Minister of Finance bring forward regulations. Let him say, for instance, that you Mr. Speaker, as Speaker of the House of Commons, are entitled to a meal of a certain quality and a certain cost, and that I, as a poor, down-trodden member

of the opposition only have the right to charge up a meal in a Childs restaurant.

Officials in the United States have a set of regulations governing expense accounts. As a matter of fact I think they run to three or four volumes, but I am not advocating that here. I think our system is somewhat better, but I do not like to see references to enforcement or tightening up the administration, which reflect on officials who have carried out their very difficult work in the best possible manner.

Is there anything they can do other than what they are doing? How do you deal with expense accounts? The assessor brings in a person whose account looks suspiciously large. If it is big enough and the case is bad enough I presume it comes before the deputy minister or the assessors here in Ottawa, and the parties sit down and discuss it across a desk. The officials say they think it is too large, and the person replies no. After the discussion is over, then the assessment is made, and the person has to go to the appeal court or the exchequer court if he wants to take the matter further. That course of procedure is followed every day in the week by the departmental officials and I think their efficiency is very good indeed.

As I said before, because of the statement made by the minister earlier, I can now dispose of half my notes; but there are several other matters I wish to deal with. The provision which was withdrawn this afternoon is not the only one causing concern to the business community, and to our trading partners and friends in the United States and throughout the world at large.

During the days since the budget came down, and particularly yesterday and today, I have received telephone calls from various businessmen throughout Canada, men who are engaged in large enterprises and who are engaged in big underwritings. That is to say, they are financing capital projects, and the underwritings run into scores of millions of dollars. In many cases these underwritings are being negotiated in the United States, and in several cases everything was closed except for the signing of the documents.

One particular underwriting for $15 million was to be signed on Monday, but now the firm advancing the capital in the United States has telephoned and said the deal has to be indefinitely suspended. He said the people they were associated with had to review their whole policy towards lending and advancing money. That particular deal may be renewed some time in the future, or it might not.

These are only a half dozen cases which have been brought to my attention by telephone, and I accept the word of the people who called me. There is no reason that they should be misleading me. It may be that the withdrawal of the provision this afternoon will ameliorate that situation, but in the statement given to me by the parliamentary secretary a little while ago it says that the matter is under review. I am not going to read the statement into the record. I presume the minister did that, although I was not in the house at the time, but the statement says:

> It may take a little time to work out satisfactorily the difficulties referred to.

This is confusion worse confounded. At present we have an almost impossible section so far as administration is concerned, but at least you know the devil you are facing. Now, however, he is obscured in brimstone and you do not know what devil is going to emerge from it. You may be swapping the devil for a witch. There may be more doubt, confusion and hesitancy on this matter than ever before.

If this suspension and cancellation of underwritings continues, running into scores and perhaps hundreds of millions of dollars, the government will create unemployment, and this, Mr. Speaker, is the government which was dedicated to providing full employment. It is going to create unemployment and it is going to bring on, possibly bring on at any rate, a recession, and maybe a depression which will make those of the immediate past seem very small indeed.

I have just received a note from a colleague behind me. I am not sure whether this is an original thought or is something somebody told him, but it has a great deal in it. Why withdraw the provision 20 minutes before the stock markets in Toronto closed today? Why withdraw it at that time and have the markets boiling again? It was a rather injudicious act and due notice should be taken of it.

As I have said, I have not got my notes in front of me dealing with the clubs, carrots, threats and promises contained in the budget with respect to withholding taxes because I did not expect to have time to deal with them. Many of these are based on renegotiation of treaties that are not yet renegotiated and which we might not be able to renegotiate. This is the first time I have seen prophecies coming down in a budget, saying what the government is going to do one, two and three years from now. If this administrative efficiency and if this is the correct presentation of a budget, then I am very glad I did not have to present one.

I have one quotation from an editorial, and I know the opening line will cause a laugh from my hon. friends opposite. It is from yesterday's New York *Times*, which as we all know is a pretty responsible, well-read

paper, and one which is usually entitled to, and receives the respect of everyone. As I say, the opening line will cause a laugh across the aisle, but not the end of the sentence. It reads:

> Mr. John Diefenbaker, who campaigned on a frankly anti-American platform,—

I deny that.

> —can make the valid complaint that the first budget drawn up by Canada's Liberal government has stolen his thunder. The Liberals new anti-foreign tax proposals—

Not one proposal, Mr. Speaker, but proposals.

> —may appear somewhat more palatable coming from Prime Minister Lester Pearson, an avowed friend of the United States, but they are no less disturbing. In setting up barriers against foreign investment, Canada is adopting a form of protectionism that represents a retreat to economic nationalism.

I commend this editorial to all hon. members. It is fairly long and I know, Mr. Speaker, you would not want me to read it all. I am reading only one or two short excerpts, but for the edification of hon. members opposite, particularly those on the treasury benches, I suggest they go down to the reading room and read this editorial in full, and also in today's issue the dispatch of the New York *Times* reporter in the gallery, giving in some detail the, let us say, friendly discussions which took place last night between the president of the Montreal stock exchange and the Minister of Finance.

This article in a United States newspaper is very interesting. I am glad to see that at least the Minister of Finance has been able to get some editorial comment on this news story, which is normally sadly lacking. The editorial says:

> But waving the flag of nationalism will not accelerate Canada's development. For though Canada is independent, its growth is intimately connected with the course of the American economy. Its new discriminatory measures appear calculated to alienate and disrupt this relationship, with adverse effects for Canada. American firms already established in Canada cannot move their plants, but they may be less inclined to continue reinvesting their profits; and prospective investors cannot be expected to risk their capital if they are placed at a disadvantage.
>
> The Canadians have every right to choose their own way to control their destiny. But the way Mr. Pearson has chosen will hurt the Canadian economy and the Canadian people.

That, sir, is a statement which I think is not a partisan Conservative one. It comes from the New York *Times*, which is recognized all over the world. As I said, the cancellations and suspensions which have already been made may result in tremendous unemployment and cancellation of financial arrangements. That is, of course, a matter for the future and we will watch it carefully.

The application of the tax to compel the acquisition by Canadians of 25 per cent of foreign corporations is going to be most difficult, if not impossible, to administer. The desire is very laudable. I suppose one would like to see all corporations in Canada controlled by Canadians, but we know that is very, very difficult. Indeed, it is impossible today. We have gone a long way along this road of control by outside interests. I am not criticizing the philosophy, shall I say, that underlies this measure, but I am criticizing the measure itself which is proposed.

Mr. Meyer, the financial editor of the Montreal *Gazette*, points out that you have to get 25 per cent of the shares of a corporation. If they are controlled by bona fide Canadians who are resident in Canada, then certain benefits are going to flow from that. If they are not, the government is going to use a club rather than a carrot. How do we know where the 25 per cent share which was here yesterday is going to be tomorrow. Canadians can buy a 25 per cent control of a corporation; they can have their shares registered and they can be sold either surreptitiously or directly on the market, and instead of having 25 per cent you may be down to 20 per cent or less. I am sure there are occasions where this does happen.

We have a provision with respect to Canadian directors. It is that we shall have Canadian directors who are resident in Canada and are Canadian citizens. As I have said, that is laudable and desirable. I hope it works. But every hon. member of this house who has had any connection with business at all knows that you can have directors who are representing, not their own interests but the holders of securities who are somewhere in the background and do not want to have their identity revealed. There are many cases, as we know, of men who are perfectly reputable and honourable, and good Canadian citizens, who are to all intents and purposes nominal directors representing some other interests in some other place. To suggest that you can achieve the desired end by simply having a Canadian citizen become a director of a corporation is, I suggest, with all due respect to the minister, window dressing and a sham; it has no reality or meaning whatsoever.

I read the budget speech on a couple of occasions. It did not grow on me as I read it, but I thought there were several things missing. I am not going to deal today with the problems of education and finance with which the minister told us he is confronted,

because one could argue on these matters one way or the other. But I was rather amazed to find there was no reference at all in the budget speech to the Canada development corporation. I thought this would be the stick, the carrot or the club when you are talking about Canadians taking over corporations controlled in the United States and other foreign controlled operations. The minister has been very proud and has boasted of his ideas. They are his ideas, he having been chairman of a royal commission years ago and having advocated some steps for the takeover by Canadians of United States controlled corporations. I do not think he found in his other colleagues in the royal commission the support that he expected. But he has been talking about it and one of his ideas was brought forward in his book "Troubled Canada". I refer to the setting up of the Canada development corporation to purchase shares, because without such a corporation I think we all realize there is not enough equity money here to do anything like what is needed to make this objective a reality. There was not a mention of it in the budget speech. The Prime Minister (Mr. Pearson) said this afternoon that when we look at *Votes and Proceedings* for tomorrow we find a reference to a resolution coming forward dealing with the Canada development corporation. However, I was surprised that it was not in the budget. I think it would possibly strengthen the reaching of this objective; at least, it would have balanced it out if there were other factors which go hand in hand with this proposal.

There are people here who are not too far away from the sound of my voice—I refer to some of the representatives in the press gallery—who, as my old friend Jim Macdonnell used to say, are very knowledgeable fellows. I wonder whether this omission from the budget speech was due to the modesty of one of the speech writers employed to do the job, because according to reports one of those speech writers is to become the head of the Canada development corporation. Perhaps that is one reason for him not wanting the matter included in the budget speech which he helped prepare. I suggest it is a rather peculiar situation if that did not happen.

Dealing further with the takeover by Canadians of corporations in this country, the argument is advanced that if they are controlled from outside, in the end our whole industry may be controlled from outside. That is the philosophy, of course, underlying this whole approach. I doubt whether that philosophy holds good. I think you have to distinguish between one corporation and another. Some of us from the maritime provinces at least, I am sure, have at times heard the opinion expressed that the greatest damage done to our own local economy was the takeover practised by corporations, not from the United States but from other parts of Canada, which came down to the maritimes, purchased the plants and then closed them up and moved them somewhere else. This might have been in the interests of efficiency—it probably was—but there is certainly a feeling in some places that this caused a great deal of our difficulty. Therefore there is not an entirely unanimous feeling with respect to takeover.

There are many United States corporations, and corporations controlled by other interests as well, which are doing a remarkably good job in this country. I have in my own constituency two such corporations, one that was brought in last year and one the year before. They are employing hundreds of people and are contributing tremendously to the economy of the country. Certainly if there was any suggestion in this area that these corporations should be penalized or punished because they are not wholly or partly owned by Canadians, I think the reaction would not be very favourable.

This is a shotgun approach. Perhaps it has to be. All are either good or they are bad. I suggest there are good corporations which are not entirely Canadian owned or even 25 per cent Canadian controlled. I think if the hon. gentleman suggested to anyone in this house or in Canada during the winter time that Imperial Oil on hockey night was a bad Canadian citizen he would be likely to get his eyes blackened, because, undoubtedly, Imperial Oil in that sporting facet, as in many others, has been a remarkably good Canadian citizen. As I understand it, Imperial Oil has about 20 per cent of its ownership in Canada, about 8 per cent outside the North American continent and the rest in the United States. So it would not be easy for that corporation, even if it saw fit to do so, to become a technical Canadian citizen of the kind suggested. It seems to me it is just as good a Canadian citizen now as it would be after it had found 2 or 3 per cent more stock for sale to this country.

There are pension funds galore. There is no danger about the purchase of pension funds. Pension funds do not seek control; they seek only an equity interest in various corporations across the board and I suggest that even though we should try to restrict the outright purchase by corporations of controlling interests or even of huge minority

interests in Canadian companies, this problem does not arise with respect to pension funds which are widely diversified and have only a relatively small proportion of their money invested in any one corporate fund. There are scores of them—I could name them, but I am not going to put the names on the record—which cannot comply because they do not have 25 per cent ownership in Canada. One wonders, again, which are the good boys and which are the bad boys. Is Imperial Oil bad? Is C.I.L. bad? I could go down the list but I do not intend to go into it now. I think I have made my point, for the moment, in connection with this matter.

Of course, we all realize we are dealing with the subject at a preliminary stage only. The resolutions will come before the committee in detail at a later date—if the government is still here; if it does not have to withdraw all of them—and we shall have the opportunity of discussing them on an analytical basis as compared with the more rotund manner in which I am dealing with them at the moment. It has to be remembered, when we are talking about these companies, that this is not a one way street. One would think, to hear some people talk, that no one in Canada owned corporations outside at all. But I need not remind some hon. members within the sound of my voice that there are a number of Canadian corporations which wholly own and operate subsidiaries in the United States. This is a two way street, and if we put pressure on United States subsidiaries here, what is going to be done to Canadian corporations operating profitably below the border at the present time and giving employment not only to Americans but to many Canadians?

I understand it was with the encouragement of hon. gentlemen opposite in the days when they were in power and, certainly, of one prominent frontbencher in those days, that General Motors parent company sold shares to Canadians so as to show its Canadianism. But it has not got 25 per cent; it would take a lot of money to buy 25 per cent of those shares. Therefore, it is not a qualified corporation and will not be able to come within the ambit of these provisions, even for its pension funds.

There is another matter. In his budget speech, the Minister of Finance referred to what he called the proliferation of methods of moving undistributed income from a corporation to the shareholders without payment of tax. The usual method, as some lawyers within the sound of my voice know, the historic one, is commonly called dividend stripping. There is no doubt that this practice has greatly increased within the last few years. It is one which, I think, should be controlled and there is a great deal of revenue being lost to the nation as a result of the techniques which have grown up. Dividend stripping is only one of these devices. As the Minister of Finance well knows, there are others which can be used to accomplish the same end. They are more cumbersome, perhaps, and they take longer, but this is a cumbersome and expensive procedure, anyway.

The minister intends to deal with these practices. He intends to give power to the Minister of National Revenue—and I quote him in outline—to look through so-called dividend stripping transactions and to deem shareholders to have received dividends in certain cases. Let us look at the relevant part of the resolution which the minister put on the record the other night. It is long and involved. It says that with respect to amounts received after June 13 which in the opinion of the minister had been received, or would be received thereafter, by reason, in whole or in part, of such transactions as I have mentioned, they shall, if the minister sees fit—and here I am simply sketching this part of the resolution—be deemed to be a dividend either in whole or in part. Have you ever heard, Mr. Speaker, of a more arbitrary power given to a minister, even to our genial friend the Minister of National Revenue (Mr. Garland)? Just consider what decisions he will have to make in this connection. This is power to tax, with a vengeance.

Mr. Diefenbaker: Administrative lawlessness.

Mr. Nowlan: My right hon. friend, the Leader of the Opposition, says "administrative lawlessness". I think that is probably the most apt way of describing it. It is the most outstanding example of arbitrary power being vested in a minister that I have encountered since I first came to this house. You may remember, Mr. Speaker—the Secretary of State (Mr. Pickersgill) certainly remembers—that two years ago a great debate took place in this chamber about giving to the minister of national revenue a little power to deal with a very small fragment of the economy—power to declare goods to be of a certain class or kind, thereby helping to develop the economy of this country. For days and weeks we were subject to vituperation, abuse, and criticism of our proposal. It was said this was taxation without parliamentary authority. It was said this was taxation by the arbitrary acts of the minister of national revenue. We went back to the days of George III and before, and the high screams of the opposition were such that

they finally reached gentlemen in the other place and the proposal died there. We were trying to decide whether items in a limited category were of a class or kind made in Canada. Here we are dealing with vast sums amounting to many millions of dollars, yet we give to the Minister of National Revenue the power to rule as to the financial operations of scores of corporations.

It will involve scores and scores of corporations and he himself will have to determine, in whole or in part as he deems fit, whether or not it is a dividend. Mr. Speaker, have you ever heard a more far-reaching taxation measure? Talk about taxation without representation.

I can think of another example. Mr. Speaker, I am sure my hon. friends opposite remember the spring before last, and remember the surcharges and taxation by order in council, how wicked it was, and how we were deemed to be trespassing on the rights of parliament. If we pass this measure parliament will give the Minister of National Revenue greater power than any we sought to exercise. I suggest, Mr. Speaker, that the amounts involved will run into millions and millions of dollars. The minister will find himself in the position of having to read the taxpayer's mind—because there is no other way of dealing with the matter—and determine whether a certain action was taken, in whole or in part, for the purpose of avoiding reduction in or elimination of certain taxes. Mr. Speaker, I have very great respect as an old, long time friend, for the Minister of National Revenue, but I doubt whether even he would profess to have tremendous ability in the art and skill of mind reading. There is an old classic saying in the English common law which I think all English common law lawyers learn straight away when they first go into law school. It has come down from the ranks of judges of 200 years ago, and it is that the devil himself knoweth not the mind of man. Apparently in this case the Minister of Finance is paying the Minister of National Revenue the compliment, by inference, that is smarter than the devil, anyway.

Now, the minister may argue that there is an appeal. I do not know whether he will, but he could make that argument. There is undoubtedly an appeal at any time from an assessment made by the minister, but in this case his assessment is based on his opinion, on the exercise of his discretion. As far as I can discover—and I have sought the advice of tax lawyers on this too, people who have had far greater experience than I and other lawyers—during the whole course of Canadian jurisprudence, from its beginnings until today, where a discretion such as this has been exercised honestly, as of course it would be, the courts have, rightly or wrongly, refused to interfere with it. So to all intents and purposes there is no appeal whatsoever from this arbitrary power. I suggest, Mr. Speaker, that this is one proposal which parliament should not pass either at this session or at any other.

This section is evil for another reason, and I use the word "evil" advisedly. In the days before I came here, back in 1947, although I was here in 1948, there was a complete revision of the Income Tax Act. At that time the act was replete with discretionary powers. One deputy minister of that day spent most of his time writing decisions on the exercise of discretion, and it became a matter which attracted the attention of the then minister of finance, hon. members here and members in another place. A great deal of study was given to this problem of discretion, Mr. Speaker, and you will find a very interesting report of the matter in the proceedings of another place. As a result, all the discretions of the minister which were then in existence, with possibly one exception, were removed from the act because it was recognized that it was a bad policy and should not be continued. So the discretions went out of the act and the minister administered the act and the act alone. If the taxpayer had any complaint or any trouble, he went to the appeal board. This was the theory of it: the income tax appeal board was set up at that time so that, in the event of a dispute with the minister, one could go to the board cheaply—although cheapness did not always materialize.

Now it is proposed to have incorporated in the Income Tax Act a discretion which I think is greater than any discretion ever previously in the act. I say that this proposal is wrong and is one which should not be passed by this parliament.

Mr. Garland: Would the hon. gentleman permit a question?

Mr. Nowlan: Certainly.

Mr. Garland: In his comparison of the class or kind legislation which was introduced by his administration, or the administration of which he was a member, does he not recognize the fact there was no appeal there.

Mr. Nowlan: That was the basis of the argument I am attempting to make, although apparently I have not done it very well, to establish in the mind of the Minister of National Revenue the fact that to all intents and purposes there is no appeal here. There cannot be any appeal. There is only a technical appeal from an assessment. Any lawyer who has had anything to do with

income tax matters knows what that means. With an assessment based on the exercise of a discretion, to all intents and purposes there is no appeal. This situation is therefore exactly on all fours with the problem we had two years ago when dealing with class or kind, except that then we were dealing with relatively minor and small matters of machinery and equipment, reference to which might come before the minister from time to time. But in this case we will be dealing with millions and millions of dollars, and I must say that I feel very sorry for the Minister of National Revenue. Just think, Mr. Speaker, of the pressure which is going to be brought to bear on him by all sorts of interested parties, lawyers, accountants and other people, claiming that theirs is a case where he should exercise his discretion. And that may or may not be correct. The lines may be blurred, they may be confused. There are not too many blacks or too many whites in these cases. They are often confused, and I would hate to see anybody for whom I cared put in this position or to be there myself as minister of national revenue. As I say, I think this provision should be withdrawn.

As I said at the beginning, the government is trying to achieve a purpose which I think is desirable. It is trying to achieve the avoidance of income tax payments. But there are other methods, as the minister knows full well, which could be used, particularly in clearing up this great reserve of undistributed income which is perhaps at the root of it all. The minister said the other day that he was sorry to hear that the royal commission on taxation was not going to report until 1965. I did not know that until he said so the other night. I have no doubt that problems have arisen, illness and so on, which have slowed down the operations of that commission. I am very happy to have had some part in constituting the commission. I personally persuaded Mr. Carter, rather against his will I think, to accept the very onerous task of chairman, and the country owes him a debt for accepting that. The government of which I was a member set up this commission because they realized that there had to be long term changes made in the act and that it was high time they were made. But in the very order in council by which we set up that royal commission, Mr. Speaker, we provided that they would be dealing with taxation law as it then existed and thereafter existed. In other words, we gave scope to the government of the day to amend the act and to take such action as they saw fit, regardless of the fact that the royal commission was sitting at the time. I suggest that there are other procedures in this particular case which the Minister of Finance could have taken which would have accomplished substantially the same thing and which would not have involved the minister in this terrible position in which he will find himself, as well as involve us in going back to provisions about discretions.

Now, Mr. Speaker, I have gone over several of the resolutions. Perhaps the most important one of all from the standpoint of the average Canadian citizen is the one dealing with the application of the sales tax. The minister gave notice the other night that the sales tax act was going to be amended by lifting certain exemptions which heretofore had applied. With very few exceptions all building materials and productive machinery and equipment would be subject to an 11 per cent sales tax. This is a very ironical situation. We talked about efficiency of administration. We talked about mismanagement the other night. The minister spoke about the mismanagement of the Conservative government. If you wish to see a really good example of efficiency in administration look at this one. I think we should have had a photographic reproduction. If this had happened in Hollywood no one would have believed it. We had the Minister of Labour (Mr. MacEachen) standing up one day and offering to the house builder $500 for building a house in the middle of the winter while two or three days later we had the Minister of Finance (Mr. Gordon) standing up and saying that he is going to tax that same man more than $500.

An hon. Member: Ring around the rosy.

Mr. Nowlan: That certainly is efficiency for you; there is no question about it. I must hurry on. We must remember also that building material not only applies to houses but also to all sorts of construction. The tremendous cost which is going to follow on this proposal is something which I do not think any of us can completely envisage at the moment.

An hon. Member: Hospitals and schools.

Mr. Nowlan: Yes, hospitals, schools and bridges possibly. We have seen representations already from hydro construction in British Columbia applying for exemptions. Not only is there the matter of building material. However, the emphasis has been laid there because, of course, the building material people were well organized and I do not criticize them for that. That is their function. However, production machinery and equipment come under this imposition as well, and the cost of production machinery and equipment is not chicken feed. It runs into hundreds of millions of dollars. The increased tax on that amount, as the minister pointed

out in his preliminary estimate, is going to be very substantial indeed. All of this is to be added to the cost of construction and the cost of development, including not only the building of the houses, but repairs.

Since the budget came down the other night I have had two telephone calls from my own province from two relatively small contractors who said they did not build houses in the wintertime but had accepted the advice of the minister of labour in the past and adopted the slogan of doing it now and that they had arranged for a substantially big business in repairs and renovations, painting and all the rest of it, and that the interior work was done during the winter months. All of that will be subject to 11 per cent sales tax and there is no $500 handout for painting the kitchen sink or anything of that kind. One could go on and on in speaking of these matters.

However, I do not wish to labour the point. I say to you, Mr. Speaker, that this increased burden of taxation is serious. Last night an economist told me that he figured that now a family man with two children and with $5,000 income was paying out more in taxes indirectly than he would be paying in direct taxation, and probably it would be higher in the $5,000 bracket. That shows the scope of the proposal. As I said, the matter has been mentioned in the press. We all get representations in connection with it. That is a usual thing. We expect them. But I think these representations have real merit, as I suggest to you that this proposal is going to result in reduced employment in the wintertime instead of increased employment, something which is absolutely contrary to what is required. Allan gives and Walter taketh away: blessed be the name of Michael. What sort of administrative set-up is this? If anyone can tell me that, I should like him to do so. What they do not withdraw, they put in a crib and I think we are going to get widespread unemployment because of it. The budget of course, recognizes that fact. I think the minister recognized it. You will notice, Mr. Speaker, that it was said we were at dead centre, that the economy was lagging, and that we had been guilty of mismanagement. However, his white paper showed that the increase in the gross national product last year, the one just closed, was 8 per cent or a little bit over 8 per cent. If you discount what he termed the cost of living you get an increase of only 6.5 or 6.6 per cent in the national product, a figure greater than it had been for years. In the budget this year, what does he say? He is budgeting for a 5 per cent increase in the gross national product, with 1.5 per cent cost of living. Hence the minister himself admits that we are going to have a decline in the economy, that instead of an increase or expansion in the economy we are going to get a reduced one and he puts that in his budget. When we read the budget we realize what is in store for us.

An hon. Member: A Liberal budget.

Mr. Nowlan: I could go on, Mr. Speaker, but I do not wish to trespass on the time of others. It is now five o'clock. Because of these and many other factors which I could bring forward I move, seconded by the Leader of the Opposition (Mr. Diefenbaker):

That all the words after "that" be deleted and the following substituted therefor:

This house regrets that the Minister of Finance by failing to maintain the constitutional practice of the essential secrecy of the budget has seriously weakened public confidence;

That in general his proposals will endanger and curtail the expansion of the economy;

That the imposition of a sales tax on certain building materials and machinery and apparatus to be used in manufacture or production is to be condemned as a retrograde and inexcusable action; and

That the proposals purporting to bring about desirable control by Canadians over the Canadian economy will fail by their very nature to achieve that objective and will result in deterioration of Canada's international relations.

Mr. Caron: It being five o'clock, may I move the adjournment of the debate.

Mr. Speaker: I regret to say that it is not necessary for the hon. member to rise in his place. It being five o'clock p.m. the house will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions.

PUBLIC SERVICE

SUGGESTED FORMATION OF STANDING COMMITTEE

Mr. Harold E. Winch (Vancouver East) moved:

That, in order to promote the development of the highest degree of morale amongst federal civil servants through removal of obstacles to settlement of fundamental grievances and to enable official spokesmen to appear before a standing committee of the House of Commons, standing order 65 (1) be amended by adding a paragraph (o) to read as follows:

"(o) on civil service affairs, to consist of 35 members, 10 of whom shall constitute a quorum;"

He said: Mr. Speaker, the motion which I am sponsoring at this time is concise and, I think, is self-explanatory. I am not too much concerned about the details as to the constitution of the suggested committee, the numbers or the quorum. What I desire to speak on this afternoon has to do wholly and solely with the principles and the suggestion

that the standing order be amended so as to provide for a committee on civil service affairs. I can assure you, sir, that this motion was placed on the order paper only after a great deal of consideration and after consultation with a number of the executive officers of the civil service association and after having been invited to sit in on meetings of the rank and file members of the civil service.

This is the fifth parliament of Canada, Mr. Speaker, of which I have had the privilege of being a member. During every session of the five parliaments that I have been here I have heard the members of all parties speak in the highest possible terms of the federal civil service of Canada. Time after time, the members of all parties have spoken, and spoken truly, of the high quality of our civil service. Members have referred to the sincerity of civil servants, their integrity, their ability and their loyalty. I agree with all these expressions about our civil service. Unfortunately, however, it has been our experience that these are only words, only platitudes, only generalities, because no action has been taken over the years either by Liberal or Conservative governments to express approval of the civil service in the form of regulations or procedures whereby their fundamental grievances or problems could be tackled. I am convinced, sir, that the time is now long past when we should express our gratitude to those who have the responsibility for carrying out the laws that are adopted by the House of Commons. These people are the public relations officers of parliament itself in dealing with the people. We should express our appreciation by showing them that we want to assist them in resolving their problems and difficulties. By our policies and decisions, we should make it clear to the civil servants that everything possible is being done by the members of parliament who, you might say in the final analysis, are almost their employers. By doing these things, we would maintain the highest morale amongst the 300,000 or 400,000 civil servants who come within our jurisdiction.

I regret having to say, sir, that as a result of the many matters brought to my attention by civil servants, as a result of my attendance at meetings of the rank and file, particularly the lower echelons of the civil service, the esprit de corps, the morale of the civil service is perhaps at the lowest ebb in many years. It is at a low ebb because of the failure of the House of Commons in general, and governments in particular, to take action to resolve the difficulties of the civil service or to lay down policies that would give civil servants a clear insight as to how they could handle negotiations, how they can get grievances settled, how they can achieve a basis of understanding as between employer and employee.

I want to admit, sir, that amongst the civil service associations in Canada on a federal basis there is not complete unanimity. However, I think I might say there is a desire amongst the memberships to be first class citizens, and not second class, as employees of this country. They desire collective bargaining, but admittedly there may be some differentiation between associations as to whether collective bargaining should mean the same rights as other organized workers in Canada or whether it should be similar to the negotiations policemen and firemen have, that is compulsory acceptance of an arbitration award.

However, sir, those are matters which could undoubtedly be resolved and, from my point of view, might perhaps be resolved if there could be a discussion between a committee of the House of Commons and the official spokesmen of the various associations within the federal civil service. I go beyond that basic principle of collective bargaining. I say that the time has now arrived when, because of the inaction of governments both now and in the past to deal with fundamental grievances in the interests of the efficiency of the public service, there should be a change in our standing orders to enable us to have a standing committee before whom the official spokesmen of the civil servants could appear and to whom they could present any fundamental grievances. Then the committee, in its wisdom, after consideration could make a recommendation to this House of Commons and through the House of Commons to those who have the responsibility for the final agreement with employees of the federal government.

Without any question, they have grievances. Undoubtedly, one of their grievances has to do with working conditions and pay. Those of us who have been here over the years, and who have been here especially during the past two years, cannot help but reach the conclusion that there has been a government policy to the effect that to those who have more shall be given, and to those who have not, moonlighting. No official statistics are available in Canada on any of the categories of workers in our country, but perhaps there is more moonlighting amongst civil servants than any other group. This is not because they desire it but because in the lower echelons, and this covers thousands upon thousands, it is the only way they can provide for themselves and their families the standard of living to which they are entitled in Canada. This requires moonlighting by the head of the family or requires the husband and wife both

to work. I was amazed, sir, to find, and to find conclusively, that many of those who work eight hours a day for the federal government then work four to six hours a night as janitors in supermarkets or office blocks. This situation exists amongst civil servants not only because of the neglect of this parliament in general, but in particular because of the attitude of those responsible for wage policies as they apply to the civil service. As I said a moment ago, to those who have more shall be given, and to those who have not, that is the lower echelons, the lower pay categories, only faith and hope.

I would like to give just one example, although I could give many. It is not directly a civil service matter, but the principle is the same. Take the most recent increases to the armed forces. They became effective on October 1, 1962. An ordinary seaman in the navy, a private in the army and an aircraftsman second class in the air force got a $48 annual increase, but if you were a captain in the navy, a colonel in the army or a group captain in the air force you got a $1,080 annual increase. And that, Mr. Speaker, was supposedly based on a policy to take care of the increased cost of living.

When you see policies of that nature applied throughout the entire civil service it is no wonder there is a breakdown in esprit de corps and morale.

This house has become very concerned when it sees any possibility of industrial disruption because of long drawn out negotiations. Just now longshoremen in Vancouver have taken a strike vote, and I believe around 95 per cent of them voted to strike. Over 14 months of negotiations they could not reach a settlement, and now this will disrupt the waterfront industry in Vancouver. But what about the situation of our federal civil servants, many of whom have been taking part in negotiations for two years and there is still no decision? The most damnable feature of all is that it applies mainly to those who need an increase most. As members of parliament we are to be indicted if we allow certain situations to carry on.

Take the case of postal clerks and postal carriers. Postal clerks have to have some education and undergo examinations twice a year, and sometimes three or four on-spot examinations. They must know hundreds of thousands of post offices and how to direct mail by the fastest route, but yet we pay them less than the pay of a street cleaner. I am not deprecating the importance of street cleaners. They are vitally important to all of us, but take the case of the postal clerk and what he has to do. How can we justify paying him less than a street cleaner? Then take the position of postal carriers.

[Mr. Winch.]

Take also the case of those who are employed in this building as sessional staff. Even today the Minister of Finance stated he is not in a position to state what is going to be done. There are many fundamental grievances of this nature.

I have been making a study of some of the regulations that apply to employees who come under the authority of some bureaucrats in various departments. I maintain that a few of these regulations are contrary to the bill of rights. They are definitely contrary to provincial legislation as regards holidays with pay, as regards monetary penalties on being late for work, and as regards using a car at the end of a postal carrier route to get down to a district post office in order to check out.

It is quite obvious no action has been taken to correct many of the fundamental grievances that exist. There is not any definite policy. Take the question of wages. All the executive officers of the various associations to whom I have spoken just do not know where they are at. A few years ago, by authority of this house, we established a special branch on job evaluation, on a basis of civil service salaries compared with those of outside workers. A report was brought in, but what happened to it? The civil service might be prepared to accept it, but when it reached the treasury board they did not like the basis of the orientation and they brought in their own, based on nothing. And so the civil servants do not know where they are. I believe that was the main reason for the meeting on June 14 between the Minister of Finance and the executive officers of the federal civil service association.

I am just trying to outline our views that for the maintenance of the esprit de corps and morale of the civil service we should amend our standing orders so that, through official spokesmen, fundamental grievances that could not be resolved in any other way could be placed before a committee of the House of Commons for its consideration. I believe this would give a lift to the administrators and those men and women in charge of the public relations of the government.

There is one other point of this suggestion. The appointment of such a committee would serve a very useful purpose in that hon. members of the house who have things brought to their attention that should be handled by civil servants themselves, but for varying reasons are not so handled, could bring these matters to the attention of the committee.

Take, for example, our own security staff right here in this house. How can they bring up basic problems themselves? It is pretty difficult. The majority of hon. members can

get away over week ends, but we who come from the maritimes and British Columbia are in the House of Commons seven days a week. We see what goes on, and it is a disgrace that we have a security staff which I maintain is undermanned by at least 10 men.

These buildings are the property of the people of Canada. We want the public to come here, to see the buildings and learn all about them. They do come here in their thousands. Have you ever been in the house on a holiday, a Saturday or Sunday, Mr. Speaker? Some days there are 3,000, 4,000 and 5,000 visitors, but we have a security staff so undermanned that instead of explaining the buildings to groups of 35 or 50 I have seen them having to cope with groups of 100, 125 and 150. It is not right; it is not fair.

It is important to let the civil servants know that we mean what we say about their sincerity, integrity and loyalty, and by our decisions we must show we believe they should be among the first of the first class citizens of the country, and not second class citizens denied rights and opportunities that are open to others. That is why I moved this motion. I hope it will be carried; but even if it is not, I trust it will be an indication to the government now in office, to the people responsible for policies and negotiations, that we are vitally interested in our civil service and we are not going to rest content until they get a square and decent deal.

Mr. D. G. Hahn (Broadview): Mr. Speaker, the hon. member is proposing that a standing committee of the house be set up to deal with problems and grievances relating to the civil service. When looking at any of these resolutions or proposals for legislation, I think we have to first of all ascertain whether there is a problem that needs to be solved. Second, we must decide whether this is the correct way to solve the problem we have uncovered. Let us look at this particular proposal in that light.

First of all, in talking about the civil service I am sure all of us would agree with the hon. member when he describes in the highest possible terms the quality, integrity and ability of our civil service. We all know that the civil service in this country has done and continues to do an outstanding job in carrying on the business of government. I think we must also realize that in addition to being a group of people of high quality, they are a very important group carrying out the business of government. From the straight point of view of dollars, looking at the estimates for this year we see that civil service salaries and wages amount to some $875 million. So we are not dealing with a small group of people who are easy to get together; we are dealing with a very large group of people. We are dealing not only with a very large group of people, but with a very large sum of money.

The civil service are important because they are in daily contact with the citizens of this country. Through their actions, ability and skill the public either have or lose confidence in the democratic process, in the government, because civil servants are the last outposts of government; they are the only contact that many of our people have with government. For this reason I think it is vital that the civil service be not only the best people we can attract, but that also in their dealings with the public at large they demonstrate that they are satisfied, well treated and happy in the service of the government.

The hon. member has suggested that our civil servants are second class citizens. I do not agree with him on that point. I believe they are first class citizens, but I also believe they have second class privileges. The hon. member discussed the problem of civil servants having to moonlight, not being able to earn enough in their jobs to support their families. I know this is a problem. I know people in the service of this government who are not able to maintain their families and have to seek outside jobs. This reflects on the efficiency with which they carry out our business, the business of the government. I know also that in the civil service there are grievances and that sometimes grievance procedures are cumbersome and difficult. I know it is difficult to get resolution to some of these problems. I know also that in bargaining for proper pay and salaries it has been a continuing complaint of the civil service that they have second class rights. The bargaining is difficult; it goes over a long, protracted period of time. They do not have the strength that outside employees have; they do not have the strength of pressing their demands to the ultimate through strike action. It is for this reason that something has to be done in this area. I agree wholeheartedly with those who support the idea that there should be proper collective bargaining for people in the civil service and that there should be compulsory arbitration in settling disputes that arise.

There are many, many problems for the civil servant, but I do not intend to outline them all. I am sure I cannot bring tears to the eyes of hon. members of the house, as the hon. member who preceded me may have done, in outlining these problems. I think it is sufficient to say that the civil service, as it is now constituted, has problems in getting first class rights that go with their position as first class citizens. There is a problem, and

I think it is a problem that we must recognize. What, then, is the solution to this problem? There are many possible alternatives that can be adopted. We could have a royal commission and shelve the problem for a couple of years. We could set up, as was suggested by the hon. member, a standing committee which would deal with these problems from time to time, and not only from time to time but over a permanent period of time; in other words, as future problems arise a mechanism would be there to look at and deal with them. A third method would be to introduce little bits of legislation one at a time, here and there as we see problems arising. It would seem to me, Mr. Speaker, that of these three solutions the one with most merit is that suggested by the hon. member.

I think it would be a very, very sound idea to have a committee of this house on a permanent basis continually reviewing and listening to the problems of the employees, in effect, of this house, of the people who are carrying into practice the policies and legislation that originate in this chamber. I believe this might be considered to be a proper parliamentary responsibility, to carry out our legislation not only through the stage of printing the bills but to also make sure that the civil service do have a place where they can properly present and air their problems. I therefore commend the hon. member for bringing forward this resolution and wish to state that I support it.

Mr. Lloyd Francis (Carleton): Mr. Speaker, I too would like to support this resolution. The dilemma confronting every private member at this time is whether to remain silent and refrain from making remarks, in an effort to accommodate the passage of a measure in the limited time available, or make remarks such as I should like to make at this point. I was for some nine years a civil servant; I had the honour of being a national president of one of the three largest staff associations of civil servants in Canada. I believe this resolution is a good one. There is a similar resolution, No. 65, in my name, which is designed to achieve substantially the same purpose as this resolution. There are some differences, notably in terms of the size of the committee and whether it should be a standing or special committee. I personally support the right to independent arbitration, which I think should be spelled out in specific, legislative terms.

As a member of this house I have on occasions had to listen to the type of intemperate attack which the hon. member for Bow River (Mr. Woolliams) makes from time to time. I will forgo the pleasure of replying to that hon. member at this time because I hope to be able to do so when he is in this house.

A new act came into effect in April, 1962 which was designed to do certain things for the civil service of Canada. As a member of this house I have received a large number of representations concerning inequities in the application and administration of this act. For example, a group of geologists engaged on an 18 months term prior to their getting Ph.D. degrees who did field work for a specified period were classified as temporary employees. That classification has been abandoned, but the effect is that this group of civil servants is deprived of substantial fringe benefits, which represents a severe cut in remuneration to them for no good reason.

I had an example brought to my attention the other day of a civil servant who got a promotion without an increase in pay. It was a reclassification. When the pay increases were announced they were made retroactive and the net result was that he got $210 a year less than he would have got if he had not been promoted, because of the way in which the salary increases were applied. The staff associations have carried these cases as far as they can within the machinery available, but then they get stumped. They meet a stone wall. I believe there has to be some type of machinery to permit an orderly examination of situations of this kind, and the establishment of a committee as envisaged in this resolution is a step which I can wholeheartedly support.

In the United Kingdom there is machinery for dealing with situations such as this. It has evolved over the years and it is usually termed the Whitley council. I have read the reports in *Hansard* of previous parliaments. Representatives of the party sitting opposite in the house—not of the group putting forward this motion—spoke on many occasions to say they were in favour of a Whitley council, but they did nothing to bring such a council into being. I think the time has come when we should proceed to a more developed stage of dealing with employees of the government of Canada and crown corporations by offering them machinery for more advanced collective bargaining, including the right to independent arbitration. To make this work we have to determine the proper bargaining agents and units, and this is not easy.

The association I represented includes various professional categories in all areas of government service. Other types of organization take everyone in a department and cut across professional lines. In some cases the bargaining units will have to reflect the patterns in which civil servants have, in fact,

been organized. This will call for elaborate examination in one case after another. I think it would be an appropriate task for a committee of the kind suggested to sort out the kind of rules which would be appropriate to Canadian civil servants. We cannot follow blindly the experience of the United Kingdom or of other nations, because we have evolved here a fine civil service with its own traditions of staff organization, posing some unique problems.

The committee should set itself the task of examining the inequities which exist under a new act which created a number of difficult situations, and it should attempt to provide an orderly channel for the review and correction of the regulations under the present act. Orderly amendments could be prepared which would spell out the means by which proper units could be established, and representation could be determined by those units. This would be the basis of independent arbitration procedure. I am confident this will meet with the support of all staff associations representing major groups of civil servants in Canada.

I think it would be a fine thing, if at all possible, for hon. members to give serious consideration to the establishment of a committee to deal with these matters. I cannot see any other way of dealing with them unless we can arrive at a broad measure of non-partisan agreement in terms of the objectives we hope to secure. We have taken great steps forward on the industrial front in the development of collective bargaining procedures. We have made progress, also, in dealing with employees of the crown. But here we have lagged behind, and private industry has led the way. Legislation has been more appropriate in the case of private industry and there has been a reluctance, traditional in many respects, to deal with this matter by legislative authority. I think, also, there has been a certain amount of timidity on the part of staff associations and the civil service itself.

We have a fine civil service in Canada, one of the best in any modern country in the industrialized world. We have some of the most dedicated men and women serving Canada in circumstances in which, sometimes, they take abuse in silence; they serve because they believe in what they are doing. They are truly Canadians and they are proud of that fact. They are in no way second class persons. Some of the ablest men and women it has been my pleasure to meet are in the public service of Canada today, and in many cases they remain in this employment at considerable personal and financial sacrifice. I think we are under a real obligation to take steps to see that we do better than we are doing now to bring about a situation in which the rights of civil servants are much more in line than they are at present with those enjoyed in private industry.

(Translation):

Mr. Yvon Dupuis (Parliamentary Secretary to Secretary of State): Mr. Speaker, I am pleased to take part in this debate, because as parliamentary secretary to the Secretary of State I am interested in the welfare of the civil servants. I therefore commend the hon. member for Vancouver East (Mr. Winch) for having put this motion on the order paper.

Mr. Speaker, I think it is important to make the house realize the civil servants have not always had the opportunity of stating their grievances. I read very carefully the proposal to have the house form a permanent committee which might meet the spokesmen of the civil service commission and study the civil servants' grievances.

I listened with great interest to the mover of the resolution; he submitted grievances which really deserve consideration. Moreover, I think that we should examine the lot of federal civil servants who are not getting a reasonable salary on which to support their families as they should.

I know also, that several grievances have been vented in various divisions but were never submitted to the responsible authorities.

As a matter of fact, civil servants are, in some cases, afraid to complain about certain conditions or to express their dissatisfaction in a certain matter, because they fear reprisals or loss of advancement within their branch if their denouncing of certain conditions ever were known.

Mr. Speaker, since my appointment to the secretary of state department, I have had the privilege to receive, from several hon. members, complaints made to them by civil servants, and I must say that, after having studied some files, I found that several of those complaints were justified. I discovered an attitude which, under certain circumstances, indicated certain trends that should be studied seriously, and more particularly with regard to competition notices for civil service positions.

As a matter of fact, I received representations to the effect that some notices of competition seemed to have been prepared to measure. I also noticed that this did not take

place with the coming into power of the new government but seemed to have been going on for some years. One gets the impression that in the case of some vacancies, the qualifications required are so well spelled out that it is a foregone conclusion that Mr. So and So will be appointed.

Mr. Speaker, I am not afraid to tell the house that this situation was brought to my attention on several occasions, first of all by civil servants in my riding and then by hon. members or civil servants from other regions. In brief, I think that a serious survey of the situation should be made in order to see how things are done in the civil service administration, because we must see to it that the government employees have better safeguards than at the present time.

Also, the matter of bilingualism raises some difficulties in the province of Quebec. For instance, federal civil servants of good faith go to various regions in the province of Quebec to put French speaking candidates through oral exams. But those so-called bilingual civil servants do not always know the full significance of French words or do not always know the meaning of French phrases which would allow them to exert a fair judgment in such competitions. I think that is another reason why we should study very carefully what is going on and try to improve the situation.

Mr. Speaker, I see that the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) seems anxious to ask me a question.

Mr. Pigeon: Mr. Speaker, would the hon. member allow me a question?

Mr. Dupuis: Certainly.

Mr. Pigeon: Does the parliamentary secretary think that the government intends to put forward this year an amendment to the Civil Service Act in order to allow federal government employees to take advantage of arbitration procedures, as it has been requested?

Mr. Dupuis: Mr. Speaker, for the information of the hon. member for Joliette-L'Assomption-Montcalm, I can assure him that under a Liberal regime government members will call upon the government to take the matter under serious consideration. I could add that my hon. friend has missed fine opportunities of doing so when his party was in power and I am glad to see that he rises more often now that he is in the opposition.

[Mr. Dupuis.]

Mr. Speaker, we will certainly look into the situation of federal civil servants. In fact, I was just saying that since my appointment as parliamentary secretary, I noticed gaps that we will try to fill, because, when they are faced with problems, Liberals do not try to bury their heads in the sand like ostriches or like the Conservatives did when they were in power.

Mr. Pigeon: You neglected them for 22 years.

Mr. Dupuis: I know that my friend, the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), is very touchy. He never had and never will have the opportunity to be on the government side during 22 years, but he has surely missed the opportunity to make suggestions to the government over the last five years. However, on referring to the index of *Hansard*, one may note that as far as the civil service is concerned, the hon. member for Joliette-L'Assomption-Montcalm was less talkative when his party was in power than he is now as a member of the opposition.

Mr. Speaker, in connection with deficiencies in the civil service, in all fairness, I would ask the hon. member for Joliette-L'Assomption-Montcalm and all members of other parties who have grievances, to bring them to our knowledge and they will receive our favourable consideration.

I can assure hon. members that the secretary of state department is already considering the means of improving the lot of civil servants. We shall look fully into this matter and submit an appropriate report in due time.

We are aware of the fact that many improvements could be made. The resolution under consideration is very sensible and we shall probably end up by setting up a standing committee to hear grievances.

It would be premature, in my opinion, to appoint this standing committee of the house before seeking the views of the civil servants and learning whether they would be interested in the establishment of such a committee or prefer some other procedure more beneficial to members of the house and to civil servants.

I am sure that we shall be able in a short while to take the appropriate steps to give our civil service employees the opportunities they lack at present. The civil service has

existed for a number of years and has on the whole operated quite well. We may say that the civil service is quite well organized and our civil servants, as mentioned by previous speakers, have proven that they were competent, honest, sincere and distinguished workers. For all those reasons, because we have an adequate civil service and because the members of our civil service are reputable people who have all those qualifications, we feel it is our duty to look after them and to consider their problems and improve their lot.

As member for St. Jean-Iberville-Napierville and more particularly as parliamentary secretary to the Secretary of State, I can assure the hon. member that we shall favourably consider all the grievances they will submit.

The hon. member for Joliette-L'Assomption-Montcalm is welcome. We would like to see him regularly; and if he were to talk about other things than politics we would be surprised but most pleased.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I support without reservation the motion presented by the hon. member for Vancouver East (Mr. Winch). Besides I have had many opportunities to praise and congratulate the civil servants in the house.

It is true that many improvements could be made in the civil service. We agree that the civil service is not perfect—the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) said so himself.

We would like to see the recommendations of the Glassco commission implemented as soon as possible. It would be unfortunate to undertake a study that would last five, six or seven years. The facts are there and are well known. Besides, if the recommendations—

Mr. Francis: Is the hon. member making a speech?

Mr. Pigeon: If the hon. member wants to ask me a question, I will be pleased to answer if I can.

To go on with my remarks, Mr. Speaker, the report of the Glassco commission contains interesting suggestions. That commission made inquiries into every federal department, including crown corporations.

I think that the trouble lies mainly with the crown corporations which have an important job to do. The Civil Service Act should be improved. The members are not even aware of what goes on in the crown corporations. When we ask a question in the house, that is to the ministers who are responsible for those corporations, they answer: I am only responsible for the money spent by the crown corporations. It is a known fact that the members, representatives of the people, know absolutely nothing about the duties of so and so who works for a crown corporation. Whether it be Canadian Arsenals—

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): On a point of order, Mr. Speaker.

I do not think that this motion has anything to do with crown corporations. It deals with the civil service and the advisability of setting up a standing committee to hear the complaints of the civil servants. It does not mention the crown corporations at all and the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) must know it as well as the other members in this chamber.

Mr. Pigeon: Mr. Speaker, even if there is no mention made of the crown corporations, I am of the opinion that the hon. member for Vancouver East (Mr. Winch) intended to include them also.

Mr. Dupuis: I feel, Mr. Speaker, that the hon. member for Joliette-L'Assomption-Montcalm has no right to impute intentions to the hon. member for Vancouver East and he is intelligent enough to know that there is no mention made of crown corporations in the motion under study.

Mr. Pigeon: Mr. Speaker, I have the right to make suggestions but I think that the hon. member for St. Jean-Iberville-Napierville has no right to take over the prerogatives of the Speaker.

Mr. Dupuis: On a point of order, Mr. Speaker. I do not permit the hon. member for Joliette-L'Assomption-Montcalm to pretend that I take over the prerogatives of the Speaker. However, I draw the attention of the Speaker to the remarks of the hon. member for Joliette-L'Assomption-Montcalm and I would ask him to call the member to order.

Mr. Pigeon: I do not recall that the hon. member for St. Jean-Iberville-Napierville was addressing you; he was addressing your humble servant, the member for Joliette-L'Assomption-Montcalm.

Mr. Dupuis: The word "humble" is superfluous.

Mr. Pigeon: I thank you for your complimentary remark.

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): On a point of order, Mr. Speaker. I think that the word "competent" should be added to the word "humble".

Suggested Committee on Public Service

Mr. Pigeon: Mr. Speaker, I wish to thank the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul).

Coming back to the subject under discussion, I sincerely believe that the hon. member for Vancouver East intended also to include the crown corporations, which also employ Canadian people. The crown corporations' employees are also denied certain rights—

Mr. Dupuis: Mr. Speaker, I would like to have your ruling—

(Text):

The Acting Speaker (Mr. Batten): Order.

Mr. Dupuis: Mr. Speaker, I should like you to tell the house whether the hon. member for Joliette-L'Assomption-Montcalm is in order.

The Acting Speaker (Mr. Batten): Up to this point I think the hon. member who now has floor has been referring to the resolution before the house. However, if he wishes to suggest that it should be extended to some other body, I think he has a right to do so.

(Translation):

Mr. Pigeon: I wish to thank you, Mr. Speaker.

(Text):

Mr. Dupuis: I will not appeal your ruling.

(Translation):

Mr. Pigeon: I have never questioned your ability, Mr. Speaker. I would rather question that of the hon. member for St. Jean-Iberville-Napierville.

(Text):

Mr. Dupuis: I said I would not appeal Mr. Speaker's decision.

(Translation):

Mr. Pigeon: And, I would hate to see the hon. member for St. Jean-Iberville-Napierville question your ability. On this side of the house we are convinced of your integrity and of your keen sense of responsibility. We know that your decisions are in the best interests of hon. members.

Coming back to the motion of the hon. member for Vancouver East, if there is any uneasiness at all, it is most likely to be felt among the employees of crown corporations. It seems to me that the hon. member would be well advised to submit this measure some other year, for I fear that the present government members are neither men enough nor conscious enough of their responsibilities to accept without more ado this motion, which would allow civil servants, to whom at present the right of appeal is denied, to obtain redress of their grievances.

I ask the government to awaken to its responsibilities. I ask the hon. member for St. Jean-Iberville-Napierville, who is a parliamentary secretary, to see to it that in the few minutes left, his colleagues do not kill this resolution which defends the rights of the civil servants. I wish to point out that not only is the motion of the hon. member for Vancouver East excellent in itself, but that it also is in the best interest of the public service and of all Canadians. In fact, this motion should be adopted forthwith.

Mr. Dupuis: Why have you not done so yourself?

Mr. Pigeon: Mr. Speaker, the hon. member for St. Jean-Iberville-Napierville has asked me a question. The answer is that when we were in power we had a comprehensive program, but we were defeated through the concerted efforts of Liberals and Social Crediters.

(Text):

Mr. Gerald A. Regan (Halifax): Mr. Speaker, I just wish to take a brief moment in which to say I wholeheartedly support the principle of this motion and also to compliment the hon. member for Vancouver East (Mr. Winch) on the manner in which it is drafted. The only thing I should like to add is this. I feel that prevailing rate employees, so-called, should also be included in this matter. Civil servants certainly need a better and more effective grievance procedure. One would hope that when this government introduces a system of collective bargaining with arbitration procedure soon, it is my great hope—

An hon. Member: Be careful.

Mr. Regan: I am being careful. It is my great hope that at that time it would also include in the arbitration procedure a very effective grievance procedure. That step would take care of this problem. Something is necessary in order to give to civil servants the opportunity to have their grievances effectively dealt with. Again I would urge that in this resolution the question of prevailing rate employees should also have been considered.

Some hon. Members: Question.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Labour): Mr. Speaker, it is very pleasing to note—

Mr. Knowles: A friend of the civil service.

Mr. Byrne: —that the hon. member for L'Assomption-Montcalm—

Mr. Pigeon: Joliette-L'Assomption-Montcalm.

Mr. Byrne: I stand corrected. I am glad the hon. member has brought that omission to my attention. I am pleased to note that he has again recovered his voice. We sat for several months in which we felt that he just roosted rather than spoke, and we are very pleased to note this recovery of his voice.

My purpose in rising is—

Mr. Knowles: To talk the motion out.

Mr. Byrne: —to support this motion, inasmuch as it is a worthy resolution. I wish to draw the attention of the hon. member for Vancouver East (Mr. Winch) to the fact that we have an industrial relations committee of this house. It is a standing committee set up under standing order 65. This committee provides a forum for discussions dealing with industrial relations, labour relations and so on. I have been a member of that committee, with but a short recess, since 1949.

Mr. Pigeon: Two minutes to go.

Mr. Byrne: I am pleased to note that the hon. member has recovered the use of his arms as well as his voice.

Mr. Pigeon: Mr. Speaker, I rise on a question of privilege.

Mr. Byrne: Having been a member of this committee—

Suggested Committee on Public Service

Mr. Pigeon: I rise on a question of privilege, Mr. Speaker.

(Translation):

The hon. member is going to kill an excellent motion.

(Text):

Mr. Byrne: I regret that I did not have the benefit of the facility for simultaneous translation and therefore I did not understand the words—

Mr. Pigeon: I mentioned that you will kill this motion and that is all.

Mr. Byrne: —so well spoken by my hon. friend. Hence I do not know what his question of privilege was if, in fact, he had one. This I doubt, having in mind the actions of the hon. member in the past.

I was about to say—

An hon. Member: Six o'clock.

Mr. Byrne: —that I have been a member of the industrial relations committee since 1949 with but a short recess. In those years, however, we sat very few times, perhaps once or twice a session. Sometimes we went through a complete session without having sat at all. Would it not be possible to incorporate what the hon. member's intention is into this resolution?

The Acting Speaker (Mr. Batten): Order. It being six o'clock I must advise the house that the hour for consideration of private members' business has expired.

Mr. Knowles: The end of the 59th day.

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

APPENDIX "A"

MONTREAL STOCK EXCHANGE
453 St. Francois Xavier street
Montreal 1, P.Q.
Office of the President

June 18, 1963.

The Honourable Walter L. Gordon, F.C.A.,
Minister of Finance,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. Minister:

The financial capitals of the world have just about had enough from Canada. Last Friday, the initial reaction to the budget was one of bewilderment and dismay. Yesterday, it was anger and scorn. Today, our friends in the western world fully realize that we don't want them or their money and that Canadians who deal with them in even modest amounts will suffer a 30 per cent expropriation of the assets involved. And their reaction? If that is what Canadians want, let them have it.

May I offer a few general comments.

1. The entire series of measures aimed at discouraging non-resident investment is based on a serious error. In the budget address you stated:

"As I indicated earlier, it is the policy of this government to encourage direct foreign investment in new enterprises in this country on the basis of partnership with Canadian residents. While this type of investment is of great value to Canada, it is our view that non-resident "take-overs" of established Canadian companies rarely confer any benefit on the Canadian economy."

This is complete and utter nonsense. A non-resident take-over confers great benefits on the Canadian economy. We may not like it but that is not the point. The new owners bring the advantages of new technology, new research and development, new products and ideas which can immensely benefit the Canadian consumer and which will be denied him otherwise. The former owners receive funds which become available for investment in new Canadian enterprises or in government undertakings which contribute to the expansion of our economy. Even if they invest the funds abroad, we reduce the balance of our international indebtedness and the income in dividends and interest from such investment improves our balance of payments by reducing the net outflow on current account. All this is elementary.

2. Underlying this series of measures is a misconception about the part played by shareholders. I quote:

"I suggest that a 25 per cent equity interest is in most cases appropriate to ensure that a Canadian point of view is always available when company policy decisions are arrived at. A smaller percentage would probably not be sufficient for this purpose. A larger percentage would be neither necessary nor in many cases practicable".

Presumably, you are counting on the Canadian shareholder demanding a larger raw material content, a certified list of fees and expenses paid to management, detailed statements of the subsidiary's export efforts, prices of intercompany transfers of materials and components, etc. A not very proud role is assigned to the Canadian shareholder. His contribution will be to badger, to harass and to torment management and the 75 per cent controlling interest. How futile and how unrealistic. Today, the shareholder does not care that much. If he does not like a company or its management, he sells his stock and quietly goes his way. A greater Canadian voice in the direction of subsidiaries will not be obtained in this manner. The success (?) of the budget depends on Canadian shareholders imposing their will on the majority interest, which cannot be done.

Canadians have been given the opportunity many times in the past to purchase shares in Canadian subsidiaries but the record has not been a happy one as the attached table, which the Montreal stock exchange filed with the royal commission on banking and finance, shows. If subsidiaries do make 25 per cent available and Canadian shareholders do not respond, are we going to solve the unhappy dilemma by forced payroll deductions?

3. The burden of the 30 per cent capital levy falls, naturally enough, on those who have saved, have invested and have so managed their affairs that they possess property and investments of a reasonable size. It falls on listed corporations by virtue of the amendment to the Excise Tax Act and it falls on unlisted, privately held and family owned enterprises by virtue of the following paragraph from the budget address:

"It will be noted that this measure applies only to the shares of listed public companies

Measures are under consideration, and may be discussed with the provinces at an appropriate time, which will apply to all Canadian companies including private companies. I trust that no flood of sales of established Canadian concerns to non-residents will develop in an attempt to anticipate the further measures to which I have referred, in light of the declared view of the government that such sales are generally undesirable."

In effect, a family or individual, forced to sell a private enterprise to provide liquidity to meet estate taxes and succession duties, cannot sell in the best market if that market happens to be non-resident. In many instances, there may be no offer from Canadians or an offer far below a non-resident offer. The owner has to compare a non-resident offer minus the 30 per cent confiscation demanded by Ottawa with the best domestic bid. A family, unable to obtain a satisfactory offer from Canadians and reluctant to accept a non-resident offer with the attendant 30 per cent Federal confiscation, may, in the end, lose everything if an untimely death forces the liquidaton of their enterprise. There are interesting implications here.

Skipping the semantics, we can see that the securities sales tax is not fundamentally a sales or excise tax,—it is a tax on wealth, a capital levy. It is far worse than 30 per cent capital gains tax because a capital gains tax falls on an increase in wealth between two points in time,—between the value of the asset at time of purchase and the value at time of sale. This new tax simply expropriates 30 per cent of the asset at the moment of transfer. It is not a sufficient defense to say that the tax applies only in the special circumstances of sales of assets to non-residents. It exists and the levy can be extended in its application at the will of the federal authority.

Second, if the government is not concerned here with revenue (the unbelievable rate is evidence of this), the purpose of the budget must be to destroy (prevent) certain activities engaged in by its citizens. In other words, the government is using the power to tax really to prohibit the sale, by Canadians of assets for money to citizens of the United States, United Kingdom, France or other friendly powers. I am not a lawyer but it seems to me that legislation of this nature respecting property and civil rights comes under provincial jurisdiction and is beyond the competence of the federal government.

Premier Lesage, Rene Levesque, Paul Gerin-Lajoie and other members of the Quebec cabinet have repeatedly referred to the gradual erosion of the autonomy of the provinces. The creation of the new securities sales tax, without prior discussion with the provinces would be difficult to justify at any time; it is unthinkable in the present atmosphere of strain and suspicion. It is a perfect example of the manner in which a new tax 'gimmick' can reduce existing sources of provincial revenue or invade a sphere of provincial authority, namely property and civil rights.

The forcing of increased Canadian ownership by the use of federal taxing powers creates two distinct sets of problems,—(a) the effect on existing subsidiaries and (b) the capital levy on future share transactions.

(a) By doubling the withholding tax on dividend payments and by refusing certain tax concessions to companies with less than 25 per cent Canadian ownership, the government is in effect describing 'good' and 'bad' subsidiaries. This raises certain questions in the applied art of discrimination.

1. Are Dupont and C.I.L. 'bad' Canadian companies? Less than 20 per cent of their stock is in the hands of the public.

2. If they raise public participation to 25 per cent, will they become 'good' Canadian companies and qualify for reduced taxation?

3. If Canadians hold 25 per cent of the shares of these companies one month and then reduce their holdings by 5 per cent to buy bonds, do these companies become 'bad' companies through circumstances beyond their control?

4. Abitibi and many other Canadian corporations, operate wholly owned subsidiaries abroad. Will foreign retaliatory legislation force these companies to spin off ownership?

5. Does the government intend to offer 25 per cent ownership in the subsidiary of Polymer Corp. to citizens of France? Holland?

6. Does the government expect further direct investment (which it approves, see page 18) to be encouraged to come into Canada by these dipsy-doodling and discriminatory methods of taxing profits and repatriated dividends?

7. Does the government not expect other nations to retaliate?

8. Will these discriminatory measures improve Quebec's chances of attracting capital from Europe?

9. Will we not, in the final analysis, find our capital in the Ottawa printing presses rather than the capital markets of the world?

10. etc., etc.,

b. The 30 per cent capital levy is designed to discourage take-overs but makes no distinction between ordinary portfolio investments in the country and actual take-overs.

As a result:—

1. The liquidity, depth and breadth of our security markets will decrease sharply and we can look for a decline in the market value of Canadian securities. The Canadian investor will be the first casualty of the proposed legislation.

2. Supply and demand forces on Canadian markets become distorted. Foreign buying will be discouraged and Canadian owners of securities will face a 30 per cent confiscation if they offer shares to a value of more than $50,000 in one day. This is not a large amount.

3. The tax will create two markets and two prices for Canadian securities—one in Canada where the tax is applicable and liquidity reduced and the other in New York where transactions can take place among non-residents free of tax. Thus the New York and London exchanges will grow at the expense of the Canadian exchanges.

4. Arbitrage houses, which operate between Canada, the United States and Europe and bring great depth to the market, will disappear. They cannot operate on one side of the market only.

5. Hundreds of millions of dollars of Canadian shares held abroad overhang the Canadian market. The Canadian exchanges will now provide restricted and discriminatory markets for these investors. The liquidation of even a small portion of these holdings would be disastrous to the Canadian equity owner.

6. The budget measures will encourage Canadians to invest in American securities where the markets are free and non-discriminatory. Exchange controls are clearly the next step.

7. Funds, trust companies etc. will hesitate to buy Canadian equities because the markets in which they deal will be reduced and restricted.

8. etc., etc., etc.,

We will not lay the foundations of a greater Canada on a budget such as this. Since the days of the Marshall plan, the nations of the west have been working toward a greater economic and political unity. This budget will turn back the clock as we Canadians shut ourselves up in our own tight little corner.

Foreign ownership is a problem in Canada. You are quite right in this but this investment is not financed by foreign governments or inspired by desires to impair our political sovereignty. It is financed by the savings and investments of friends in other nations and is successful because of the initiative and enterprise that accompanies and manages their capital. The antidote lies in our own private sector as we strive to accumulate the savings to invest on our own account and to find within ourselves a similar energy and imagination. This is a long and hard road but we must remember that we have sought, relied on and lived with foreign capital for generations and cannot now suddenly take an axe to murder the record of trust and confidence that has grown up over the years.

Some day, a political leader will rise up in Canada and say to the Canadian people that the solution to the problem of non-resident ownership does not lie in the vote getting arena at all; only then will Canadians have found true leadership and only then will our friends abroad breathe more easily and be happy for us.

Sincerely,

ERIC W. KIERANS,
President.

TABLE 14

ANALYSIS OF MONTREAL AND CANADIAN STOCK EXCHANGE SURVEY RESULTS

Shareownership transition following underwriting in Canada of shares issued by Canadian subsidiaries of foreign corporations

(shareholdings in thousands)

Company Code Number	Year First Underwritten or First Date of Record	Class of Share	Shares Acquired by Canadians		Shares Acquired in U.S.A.		Shares Acquired in U.K.		Shares Acquired in Other Countries		Final Tabulation Year	Shares Owned in Canada		Shares Owned in U.S.A.		Shares Owned in U.K.		Shares Owned in Other Countries		Change in Percentage of Canadian Holdings	Remarks
			No.	%	No.	%	No.	%	No.	%		No.	%	No.	%	No.	%	No.	%	Increase Decrease	
2000	1952	Common	920	92.0	80	8.0	—		—		1962	731	73.1	217	21.7	—		52	5.2	−18.9	
2001	1955	Pfd.	96	99.4	.4	0.6	—		—		1961	80	99.0	.5	0.6	.2	0.2	.1	.2	− 0.4	Partial redemption
2002	1959	Common	N/S	65.0	N/S	22.0	N/S	13.0	—		1962	N/S	35.0	N/S	7.0	N/S	58.0	—		−30.0	For. acquisition
2003	1956	Pfd.	N/S	100	—		—		—		1962	N/S	100	—		—		—		NIL	No trend
2004	1960	Class B	N/S	100	—		—		—		1962	N/S	100	—		—		—		NIL	One family control
2005	1961	Common	625	96.2	—		25	3.8	—		1962	546	83.9	—		104	16.1	—		−12.3	50% owned in U.K.
2006	1952	Common	5,624	19.2	23,090	79.1	—		468	1.7	1961	7,112	22.5	23,702	75.0	783	2.5	—		3.3	Interim offerings
2007	1955	Class A	487	94.6	26	5.4	—		—		1962	82	16.8	405	83.2	—		—		−77.8	Partial retirement
2008	1956	Common	N/S		N/S		—		—		1962	N/S		—		—		—		NIL	No trend
2009	1962	Common	N/S								1962									NIL	No trend
2010	1960	Common	1,416	40.6	1,919	55.0	—		151	4.4	1961	1,704	45.4	1,917	51.0	—		136	3.6	4.8	
2011	1955	N/S									1962										No trend
2012	1952	Common	N/S	40.2	N/S	59.8	—		—		1962	N/S	12.5	N/S	87.5	—		—		−27.7	
2013	1960	Common	47	93.2	3	6.8	—		—		1962	48	95.2	2	4.8	—		—		2.0	
2014	1956	Pfd.	N/S	15.0	—		—		N/S	85.0	1962	N/S	7.0	—		—		N/S	93.0	− 8.0	
2015	1956	Pfd.	N/S	67.0	—		—		N/S	33.0	1962	N/S	44.0	—		—		N/S	56.0	−23.0	
2016	1959	Pfd.	N/S	52.0	—		—		N/S	48.0	1962	N/S	23.0	—		—		N/S	77.0	−29.0	
2017	1958	Pfd.	N/S	61.0	—		—		N/S	39.0	1962	N/S	31.0	—		—		N/S	69.0	−30.0	

Percentages represent percentages of outstanding original issue.
N/S—Not stated by company surveyed.
Survey made of all listed corporations known to be controlled abroad.

HOUSE OF COMMONS

Thursday, June 20, 1963

The house met at 2.30 p.m.

CANADA DEVELOPMENT CORPORATION

MEASURE TO INCREASE CANADIAN PARTICIPATION IN INDUSTRIES AND UNDERTAKINGS

Mr. Speaker: The Minister of Finance seconded by Mr. Pickersgill, moves:

That the house do go into committee of the whole at its next sitting to consider the following proposed resolution which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to further Canadian participation in the development of industries and undertakings in Canada—

Shall I dispense?

Some hon. Members: Dispense.

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

Mr. Knowles: No, Mr. Speaker; this should be transferred to government orders.

Mr. Pickersgill: We did dispense.

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

Mr. Knowles: What is the motion?

Mr. Speaker: I will read the motion:

That it is expedient to introduce a measure to further Canadian participation in the development of industries and undertakings in Canada, to increase Canadian participation in the ownership of undertakings in Canada, and generally to further the development of the resources and industries of Canada; and for such purposes to establish an investment company, to be called the Canada Development Corporation, with a share capital structure whereby the largest possible numbers of Canadians may directly and indirectly invest capital in and profit from the ownership of Canadian industries and undertakings and the development of Canada; to authorize the guarantee by Canada of certain obligations of the corporation; to provide for the approval by the Minister of Finance of issues of guaranteed obligations of the corporation; to provide that the total liabilities of the corporation outstanding at any time shall not exceed one thousand million dollars; and to provide further for other related and incidental matters.

Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Mr. Stanley Knowles (Winnipeg North Centre): My point of order, Mr. Speaker, was not a request that you should read the whole motion. It was that under standing order 21(2) the calling of this motion merely means that it is transferred to and ordered for consideration under government orders in the same or at the next sitting of the house. We do not debate it at this point, we just transfer it.

Mr. Speaker: May I be permitted to call the attention of the hon. member to standing order 21(1), which reads as follows:

Government notices of motions for the house to go into a committee of the whole at the next sitting of the house when put from the Chair shall be decided without debate or amendment.

The next subsection reads:

(2) When any other government notice of motion is called from the Chair, it shall be deemed to have been forthwith transferred to and ordered for consideration under government orders in the same or at the next sitting of the house.

Is the motion carried?

Some hon. Members: Carried.

Motion agreed to.

FINANCE

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to direct a question to the Minister of Finance and ask him something he did not explain yesterday. Why was this 30 per cent tax on securities suspended so suddenly and precipitously, and why did the government not wait for the closing of the stock exchanges before making this announcement? The minister will have noticed there were tremendous dealings yesterday and large amounts were made and lost. Why was there a departure in this case from the regular course which has been followed in this house throughout the years?

Hon. Walter L. Gordon (Minister of Finance): The government thought that as soon as a decision had been reached it should be announced as early as possible.

Some hon. Members: Oh.

Mr. Diefenbaker: I can well understand the desire of the government to do something to meet the zero hour of the 60 days of decision, but I ask the minister this. Is he now prepared, in view of the fact that there were very large windfall profits made on stock exchanges, to permit the setting up

of a committee or an inquiry to be made into this whole transaction so that the people of Canada may understand the reason for such action which, to numbers of us who try to follow constitutional principles, is entirely inexcusable and unwarranted?

Some hon. Members: Order.

Mr. Speaker: Order. I certainly do not enjoy intervening at this stage, but I think I must if the rules of the house are to be applied. May I call the attention of all hon. members to Beauchesne, paragraph 171, where it says:

> The purpose of a question is to obtain information and not to supply it to the house.

If hon. members will read on further they will find examples given of questions which should not be asked or things which should not be done. Subparagraph (v) says:

> A question oral or written must not . . . anticipate an order of the day or other matters.

I understand the great interest in the matter under discussion, but I wonder whether in the question period we could avoid debate as far as possible and stick to pointed, topical and urgent questions.

Mr. Diefenbaker: Mr. Speaker, I could not be more in agreement with you. Therefore I say to the minister, why did you do it?

An hon. Member: Resign.

Mr. Gordon: I have already answered that question, Mr. Speaker.

Hon. George C. Nowlan (Digby-Annapolis-Kings): A supplementary question, Mr. Speaker. I should like to ask the Minister of Finance if he will give the house an assurance that there will be no further changes made in the budget during this session until the doors of the stock exchanges have been closed?

Some hon. Members: Answer.

(Translation):

Mr. Gilles Gregoire (Lapointe): I should like to direct a question to the Minister of Finance.

Can the minister tell us whether he arrived at his decision prior to or after Mr. Kierans' visit at his office?

(Text):

Mr. Gordon: As I said yesterday, Mr. Speaker, I took the decision despite the visit of Mr. Kierans to my office.

(Translation):

Mr. Gregoire: Mr. Speaker, I should like to ask a supplementary question.

My question was as follows. Was the decision taken prior to or after Mr. Kierans' visit?

[Mr. Diefenbaker.]

(Text):

Mr. Speaker: I do not know whether the hon. member heard the reply of the minister, but I did and I thought he replied to the hon. member for Lapointe.

(Translation):

Mr. Gregoire: On a point of order, Mr. Speaker. I think that *Hansard* will prove tomorrow that my question has not been answered. In fact, my question was as follows. Did the minister make his decision prior to or after Mr. Kierans' visit?

(Text):

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to ask the minister whether he did consult or receive representations from Senator Louis Gelinas, a prominent investment broker and leading collector for the Liberal party in Montreal—

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I understand the hon. member was looking in front of him, but on the other hand he must know by now that off the cuff remarks and that type of question are really extending the rules beyond all comprehension.

Mr. Balcer: It was for pure identification. However, hon. members opposite know full well who Senator Louis Gelinas is as far as their party interests are concerned. My question is, did the minister consult or receive representations from Senator Gelinas before taking the decision to withdraw the 30 per cent take-over tax?

Mr. Gordon: Mr. Speaker, Mr. Kierans was accompanied on his mission by eight or nine—I do not know the exact number—members of the Montreal stock exchange, of whom Senator Gelinas was one.

Mr. Heward Grafftey (Brome-Missisquoi): A supplementary question. I should like to direct my supplementary question to the Prime Minister. In view of reports circulating in financial circles that there was a leak of information in advance of the important announcement by the Minister of Finance yesterday, would the Prime Minister assure the house immediately that there will be a complete and judicial inquiry into the activities on the stock exchange yesterday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received no evidence that there was any such leak, and if the hon. gentleman has any such evidence it is his duty to produce it.

(Translation):

[*Later:*]

Mr. Pigeon: Mr. Speaker, may I ask a supplementary question? Does the Minister of Finance—

(Text):

Mr. Speaker: Order. There are a few other hon. members on my list and there must be a certain order of precedence. The hon. member for Burnaby-Coquitlam.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I want to ask a supplementary question of the Minister of Finance, and ask him whether Mr. Kierans and the eight or nine other gentlemen who accompanied him received any indication from the minister of his intention to withdraw the take-over tax?

Mr. Gordon: No.

Mr. Diefenbaker: They certainly guessed.

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Finance, and it is one of urgency, not political expediency. Will the minister advise this house whether he has received a letter from the Vancouver metropolitan housebuilders association in the name of the president, K. R. Beedie, informing him that if clarification is not forthcoming immediately on the application of the new 11 per cent federal sales tax on construction materials, there has been unanimous agreement by the house building association to stop all construction projects in Vancouver and lay off some 5,000 men? In view of the urgency in this matter, will the minister comment on this situation?

Mr. Gordon: Mr. Speaker, the letter may be in my office, but I have not seen it if it is.

Mr. Balcer: I should like to ask the minister if he did consult with his three outside experts before the withdrawal of the 30 per cent sales tax.

Mr. Gordon: I did not consult anybody except the Prime Minister before making this decision.

An hon. Member: That is not what you said yesterday.

Mr. Gordon: I should like to add that, as I said yesterday, I consulted the Prime Minister and the members of the cabinet.

(Translation):

[*Later:*]

Mr. Gregoire: May I ask a supplementary question, Mr. Speaker? Could the Minister of Finance tell us what are the administrative difficulties which have compelled him to withdraw that tax?

(Text):

Mr. Gordon: Mr. Speaker, I would be glad to go into that but, although I am not an expert in the rules, I suggest that is a matter that should be taken up in the debate.

Mr. Speaker: I regret to inform the hon. member for Lapointe that his last supplementary question was in the nature of an argument. It was not a question at all, and the Minister of Finance was quite right in rejecting it.

Mr. Diefenbaker: I would point out that yesterday the minister told us that in view of certain administrative difficulties he was not withdrawing this tax but suspending it. Certainly the house has the right to know what were the reasons for the withdrawal or suspension. I submit, Mr. Speaker, that is a very proper question, and there is going to be no other opportunity to find out.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: With the greatest respect I suggest that the question was proper and the minister should answer because there are circumstances that ought to be clarified in connection with this matter.

Mr. Pearson: In so far as the point raised by the right hon. gentleman is concerned, he may have forgotten that we have a six day debate on the budget.

Mr. Diefenbaker: I have not forgotten the six day debate, but we are trying to get information. We know this is the 60th day of decision, but we have not had very many decisions.

Some hon. Members: Order.

(Translation):

[*Later:*]

Mr. Gregoire: Mr. Speaker, I rise on a point of order. As a matter of fact, if we wish to take part in a debate on the budget, we have to be informed. That is why we are asking questions today, and we are entitled to get answers.

(Text):

Mr. Douglas: May I ask a supplementary question. May I ask the minister if the administrative difficulties to which he has referred were brought to his attention by the Montreal stock exchange or the officials of his own department?

Mr. Gordon: They were drawn to my attention by a number of people, including a delegation from the Montreal stock exchange and the officials of my department.

Hon. Paul Martineau (Pontiac-Temiscamingue): I have a question for the Prime Minister. In order to allay the state of uncertainty prevailing in financial circles and generally throughout the country because of widespread rumours prevalent this morning—

Some hon. Members: Order.

Mr. Speaker: I have said at least twice this afternoon that long statements leading up to what I hope will be short questions should not be permitted. The hon. member I think understands that.

Inquiries of the Ministry

Mr. Martineau: I thank you for your remarks, Mr. Speaker. I should like to ask a very simple question of the Prime Minister. I should like him to give the house the assurance, in view of the rumour that has prevailed, that should the Minister of Finance hand in his resignation—

Some hon. Members: Order.

Mr. Martineau: —it will be announced in the house.

Mr. Speaker: Order. That is not a question asking for information; it is giving information. It is completely out of order.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the fact that the provisions of the budget concerning the extension of write-off provisions for exploration purposes to pipe line companies is running a collision course with the principles and terms—

Some hon. Members: Order.

Mr. Hamilton: —of the National Energy Board Act, will the minister postpone this section of the budget until the action contemplated can be reconciled with existing legislation?

Mr. Speaker: Order. The last time I intervened I was not too successful, and I hope I will have better success this time. I did refer to Beauchesne, and I did mention that under section 171(v) oral and written questions should not anticipate orders of the day; and the order of the day, of course, is to discuss the budget. It seems to me that while a great many of these questions are of great interest, the proper place to raise them and discuss them is at the time the budget is being debated.

Mr. Heber E. Smith (Simcoe North): Mr. Speaker, I have a question for the Minister of Trade and Commerce. Speaking in Chicago at an American hemisphere dinner very recently the minister is reported in today's *Globe and Mail* as having said that "higher sales by Canadian subsidiary companies could mean increased profits for United States investors". Does that indicate that we may expect a further change in the budget by the removal of the discriminatory withholding tax on dividends of United States subsidiaries in Canada?

Mr. Speaker: Order. This again is exactly the type of question I was referring to two and a half minutes ago.

Mr. Diefenbaker: Mr. Speaker, can the Prime Minister inform the house whether official or unofficial representations have been received from the United States government regarding any of the proposals in the budget on the ground that they are discriminatory, anti-American and the like?

Mr. Pearson: Mr. Speaker, I have not myself received any representations from the United States government on this matter. Whether any such representations have been received in the Department of External Affairs I do not know, but I will make inquiries.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I would like to direct a question to the Minister of Finance which may be supplementary or related to the one asked by the hon. member for Vancouver East a moment ago. I would like to ask him whether his department, or the Department of National Revenue, has issued a clarifying statement respecting the 11 per cent sales tax on building materials so that those in the construction industry in Canada will know where they stand and where they can go from here?

Mr. Gordon: No, Mr. Speaker.

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to ask a supplementary question of the Minister of Finance. In view of the imposition of the 11 per cent tax on ready-mix transit companies, which form a prominent part of the construction industry across Canada, is the minister prepared to take another look at it and, if he will not bring in relief for this 11 per cent sales tax, does he realize some of these companies will qualify for bankruptcy?

(Translation):

[*Later:*]

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I should like to direct a question to the Prime Minister. Had he received a note of protest from the secretary of state, Mr. Luther Hodges, concerning the 30 per cent tax on foreign take-overs, before the Minister of Finance announced its withdrawal in the house yesterday?

(Text):

Mr. Pearson: Mr. Speaker, Mr. Hodges is not secretary of state of the United States. I believe he is secretary of commerce. I answered that question when I replied to the right hon. Leader of the Opposition that I had received no representations from the United States government in connection with this matter.

(Translation):

[*Later:*]

Mr. Gerard Girouard (Labelle): Mr. Speaker, I should like to put a question to the Minister of National Revenue. In view of the number

of telephone calls we have been receiving about the application of the 11 per cent sales tax on building materials, could the minister tell the house how, for instance, a plumbing contractor who signed a contract prior to June 14, but has not yet purchased the required materials—

Mr. Speaker: Order. I regret to interrupt the hon. member, but I must tell him that his question is out of order.

(Text):

Mr. Valade: A supplementary question to this one, Mr. Speaker.

Mr. Speaker: There can hardly be a supplementary to a question which is not in order.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I would like to ask the Minister of Finance whether he is aware that some investment houses in the United States are advising their customers to sell Canadian shares because of the "on again off again Finnegan"—

Mr. Speaker: I am sorry. Order, please.

(Translation):

[*Later:*]

Mr. Girouard: On a point of order, Mr. Speaker—

Mr. Speaker: One moment, please.

(Text):

Just a moment. Is the hon. member asking a question or is he giving information?

Mr. Balcer: He is asking a question.

Mr. Fairweather: I am going to ask the minister will he soon make an announcement designed to restore Canada's image abroad?

Mr. Gordon: I would just like to say that I think the Prime Minister has done that.

(Translation):

[*Later:*]

Mr. Girouard: Mr. Speaker, could I ask the Minister of National Revenue whether he will reply to the question of which I sent him notice?

(Text):

Mr. Speaker: Order. I have explained on three occasions this afternoon that that type of question deals with the debate under consideration this afternoon, and in my humble opinion it should not be asked at this time.

(Translation):

Mr. Robert Beaule (Quebec East): Mr. Speaker, I rise on a point of order. In view of the fact that the Minister of National Revenue was ready to answer the question which was put to him by the hon. member for Labelle, would you allow him to give an answer?

(Text):

Mr. Speaker: I regret to advise the hon. member that no minister is obliged to reply under our rules.

(Translation):

[*Later:*]

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister. Does he intend to secure legal advice from the Department of Justice on the constitutional character of the 30 per cent tax on industrial take-overs, the enforcement of which has only been postponed, according to the statement made yesterday by the Minister of Finance?

(Text):

Mr. Pearson: No, Mr. Speaker. No question of the legality of that tax has arisen.

(Translation):

[*Later:*]

Mr. Pigeon: A supplementary question, Mr. Speaker. In view of the statement made at 2.45 p.m. yesterday by the Minister of Finance, could the Prime Minister tell the house how many new millionaires, in his estimation, have been made as a result of the speculations on the stock exchanges yesterday?

(Text):

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the many wires that most hon. members are receiving, and in view of the administrative difficulties that are being run into with respect to the 11 per cent sales tax on building materials, will the government consider withdrawing this tax?

Mr. Gordon: No, Mr. Speaker.

Mr. Winch: I have a supplementary question, Mr. Speaker. I have been waiting a long time to put it, but this gives me the opportunity. If I cannot get it one way maybe I can get it another. As a supplementary to my previous question and to the one just asked by the hon. member for Winnipeg North Centre, in view of the minister's answer to my question some time ago, the seriousness of information from the Canadian Press, and the letter which I presume he will have on his desk stating that 5,000 people by unanimous decision of contractors in Vancouver are going to be laid off unless they get clarification of the 11 per cent tax, will the minister tell us what consideration is being given to handle the situation and prevent lay-offs in the construction industry?

Inquiries of the Ministry

Mr. Gordon: Mr. Speaker, I will certainly at the very first opportunity this afternoon find that letter, examine it and consider it.

Mr. Olson: As a supplementary question, Mr. Speaker, would the Minister of Finance inform the house when he expects this clarifying statement to go forward respecting the application of the new tax?

Mr. Stuart A. Fleming (Okanagan-Revelstoke): Mr. Speaker, I have a question for the Minister of Finance. Will non-profit or charitable organizations engaged in the construction of housing projects for senior citizens be required to pay the 11 per cent sales tax on building materials?

Mr. Gordon: Mr. Speaker, I will have to get a legal opinion on that.

Hon. H. J. Flemming (Victoria-Carleton): Mr. Speaker, I wish to direct a question to the Minister of Finance. Does the minister think that the application of the 30 per cent security sales tax will be considered as being anti-American?

Mr. Gordon: In answer to that question, Mr. Speaker, may I say that this tax has been withdrawn subject to a review of the administrative difficulties involved in its application.

(Translation):

[*Later:*]

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to direct a question to the Minister of Public Works.

Could the minister tell the house whether the construction projects for the world's fair in Montreal will be carried on in spite of the 11 per cent tax imposed by the Minister of Finance on building materials and machinery?

(Text):

Some hon. Members: Order.

Mr. Valade: Mr. Speaker, on a question of privilege, this is a matter of great importance to Montreal.

Mr. Speaker: Order. Would the hon. member please resume his seat. I do not see any question of privilege in the hon. member's statement.

Mr. Valade: The minister does not want to reply, then?

Mr. Nowlan: Mr. Speaker, I have a question arising out of the statement made by the Minister of Finance a moment ago with respect to his statement of yesterday. I understood it to be that there was a decision not to decide, that the matter was simply under suspension. Is the 30 per cent tax—I have forgotten the number of the section—definitely withdrawn, so we can be assured that it is withdrawn, or is it simply suspended pending, as the minister said yesterday, further consideration, thereby creating further uncertainty?

Mr. Gordon: Mr. Speaker, I have nothing to add to the statement I made yesterday.

Some hon. Members: Oh, oh.

Mr. Nowlan: Mr. Speaker, surely the minister can clarify the atmosphere with respect to this matter. Either it is withdrawn or it is suspended. The confusion engendered becomes worse every day when we hear this kind of comment from the minister.

Mr. Balcer: I wonder, Mr. Speaker, whether the minister can tell us precisely for how long this tax is going to be suspended. Would he give us the precise period?

Mr. Gordon: In my statement yesterday I said that the resolution had been withdrawn.

Some hon. Members: No.

Mr. Gordon: Surely that is clear enough.

Some hon. Members: You said "suspended".

Mr. Raymond Langlois (Megantic): Mr. Speaker, I wish to direct a question to the Minister of National Revenue. Will the minister tell the house how he intends to deal with the building contracts signed prior to the application of the 11 per cent tax on building materials, and when he intends to do so?

Mr. Speaker: Order. This is one of several questions we have had this afternoon on this matter, and I think the hon. member by now understands the attitude of the Chair with regard thereto.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): With due respect, Mr. Speaker, I rise on a point of order. I should like to comment on the ruling you just made for the fourth time this afternoon. There is nothing on the order paper to indicate that the hon. member who put the question will have an opportunity to take part in the debate. He is asking for information of an urgent nature, and nothing indicates either that the Minister of Finance will have an opportunity to answer those questions or that he will be in the house.

I submit with respect, Mr. Speaker, that the various questions which were put are urgent and that the greatest latitude should be given hon. members to obtain necessary and urgent information. In making your ruling, you are depriving hon. members of information of an urgent character.

(Text):

Mr. Speaker: I have listened with a great deal of interest and respect to the arguments of the honourable and learned member, but

would he be kind enough to assist the Chair by referring to Beauchesne, citation 171, where the author deals with annotations, comments and precedents? To reply directly to his suggestions, let me say once more that a question, oral or written, must not anticipate an order of the day or other matters. These are the words of Beauchesne.

I was basing myself on this recognized authority, not to prevent hon. members from getting information but in an effort to control the course of asking for information. It does seem to me that if we could get on with the orders of the day and come to the business which lies ahead, a great deal of information could be supplied and a good many of the questions which are now being asked could be answered.

(Translation):

Mr. Paul: Yes, Mr. Speaker, but there is nothing on the order paper to indicate that the hon. members will get the information they ask for today, because nothing indicates that they will be able to take part in the debate or that the Minister of Finance will then be able to supply the requested information.

I respectfully submit that Beauchesne citation 173 you just quoted does not apply to the nature of questions which are being addressed to the Minister of Finance.

(Text):

Mr. Pickersgill: I had understood that Your Honour had made a ruling, and I had also understood that the rulings of the Chair could not be debated.

Mr. Knowles: I rise on a question of privilege. A moment ago the Minister of Finance told us he had nothing to add to what he said yesterday. Then he said the provision was withdrawn.

Mr. Gordon: The resolution.

Mr. Knowles: The resolution was withdrawn. Paragraph 2 of the minister's statement as reported in yesterday's *Hansard* at page 1321 reads as follows:

> It may take a little time to work out satisfactorily the difficulties referred to. Pending a solution, the government proposes to withdraw paragraph 11 of the budget resolution respecting the Excise Tax Act.

I submit there is considerable difference between a statement that it is withdrawn and a statement that it is withdrawn pending a solution.

Mr. Gordon: That particular resolution has been withdrawn. Whether or not there will be another resolution depends on government policy, and it also depends on whether these difficulties are subject to being resolved.

Mr. Nowlan: Indecision.

Mr. Valade: On the point of order which was raised earlier, I wish to refer Your Honour respectfully to citation 178 of Beauchesne, which states:

> Questions addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament, or to any matter of administration for which the minister is responsible. Within these lines an explanation can be sought regarding the intentions of the government, but not an expression of opinion upon matters of policy.

I asked the Minister of Public Works what the intention of the government was with regard to the world fair. I respectfully suggest that my question was in order and that the refusal of the minister to reply is another sign that this government is arrogant.

Hon. J. P. Deschatelets (Minister of Public Works): I refused to answer this question on one ground alone. The hon. member was not asking for information, he was asking for a legal opinion. That is the only reason I did not answer. If the hon. member wishes to have any information on matters within my jurisdiction I ask him to go ahead, because I shall be pleased to answer him at any time.

Mr. Thomas M. Bell (Saint John-Albert): Will the Minister of Finance give the house an assurance that if a new resolution is brought in, as he has suggested, it will be announced after the stock market is closed for the day?

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I have a question for the Secretary of State. Can the minister explain why, after instructions were given in this house, the letter from Mr. Kierans was printed only in English and does not appear in today's French edition of *Hansard*?

(Text):

Hon. J. W. Pickersgill (Secretary of State): It may be that Mr. Kierans' letter was untranslatable, but I am neither the editor of debates nor have I any constitutional responsibility for the editor of debates. However, I have no doubt the hon. gentleman's question will be taken notice of by the editor, and that any deficiency will be remedied.

(Translation):

Mr. Gregoire: I should like to ask a supplementary question. In my opinion, I would say rather to the Secretary of State that it is true that false theories are hardly translatable in French.

(Text):

Mr. Terry Nugent (Edmonton-Strathcona): Mr. Speaker, my question is really supplementary to the one asked of the Prime Minister by the hon. member for Brome-Missisquoi a while ago. In view of the Prime Minister's reply to the effect that any member

having evidence in connection with an inquiry should bring it forward, do I take it that the government will only institute that inquiry if somebody brings evidence forward, and will the government institute an inquiry if evidence is presented?

Mr. Pearson: Mr. Speaker, if any hon. member has any evidence of substance to bring forward in this matter we will certainly institute an inquiry.

Mr. Gregoire: Mr. Speaker, I think I have evidence. I think the visit of Mr. Kierans to the office of the minister before he announced the withdrawal of this tax is evidence.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I have the greatest respect for the hon. member, as he well knows, but his statement at this time is really out of order.

Mr. Gregoire: On a point of order, the Prime Minister asked whether some members of this house had some evidence, so I think I am completely in order in answering the Prime Minister and giving the evidence that I have. I maintain the visit of Mr. Kierans is evidence that we should have a committee of inquiry into the matter.

Mr. Speaker: The hon. member's information is very interesting if given at the proper time.

Mr. Gregoire: On a point of order—

Mr. Speaker: I am sorry; the hon. member must resume his seat.

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, can the Minister of Finance give the house a revised figure of the over-all budget deficit, considering the withdrawal of the 30 per cent tax? Will it exceed the billion mark now?

Mr. Gordon: No, Mr. Speaker.

Mr. Nugent: I have a supplementary question to that asked by the hon. member for Brome-Missisquoi. Was not the purpose of the inquiry which the hon. member asked about to see whether there was any evidence, and if there was not, to restore the confidence of the people in budget security?

Mr. Pearson: Apparently the hon. member would convert the inquiry into an inquisition.

(Translation):

Mr. Gregoire: May I direct a supplementary question to the Prime Minister, Mr. Speaker? Does the Prime Minister consider that Mr. Kierans' visit to the office of the Minister of Finance may constitute a basis for the establishment of an inquiry committee on the withdrawal of the 30 per cent tax?

(Text):

Mr. Pearson: No, Mr. Speaker.

[Mr. Nugent.]

(Translation):

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, may I direct a question to the Minister of Finance? How could the government yield to a man like Mr. Kierans, who insulted the Liberal government by writing in his letter:

> Will we not, in the final analysis, find our capital in the Ottawa printing presses rather than the capital markets of the world?

Mr. Vincent Drouin (Argenteuil-Deux-Montagnes): Mr. Speaker, further to a question asked a little while ago by the hon. member for Lapointe, could the Secretary of State tell us if the government intends to have a translation made of Major Douglas' books which constitute the misleading doctrine of the Social Credit, in order to enable certain Social Crediters to be conversant with Social Credit.

(Text):

Hon. J. W. Monteith (Perth): Mr. Speaker, in view of the fact that the question by the hon. member for Saint John-Albert to the Minister of Finance a few moments ago was not answered, I wonder whether I might ask the Prime Minister if he can assure the house that any new resolution which may be brought down in conjunction with this 30 per cent tax would not be announced until after stock market hours?

Mr. Pearson: Mr. Speaker, these matters will be done in the proper way.

Mr. Speaker: The hon. member for Comox-Alberni.

Mr. Bell: May I ask the Prime Minister what he thinks is the right way?

Mr. Speaker: Order. If the hon. member wishes to ask a question would he kindly address the Chair first? Otherwise we cannot have any order in our proceedings.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I rise on a point of order. A few minutes ago the hon. member for Royal asked a question of the Minister of Finance which I believe he was prepared to answer but in the confusion did not do so. I wonder whether he could answer it now.

Mr. Speaker: The hon. member for Prince Edward-Lennox.

Mr. Nasserden: Would the minister answer that question put by the hon. member for Royal?

Mr. Speaker: The hon. member well knows that the minister is the best judge of his own actions.

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, my question is for the Minister of Finance. According to a statement

appearing on page 1006 of *Hansard* the 30 per cent tax on $50,000 stock sales by Canadian residents to non-residents went into effect last Thursday night. I should like to ask the Minister of Finance how much revenue this tax yielded during its brief life?

Mr. Gordon: Mr. Speaker, if the hon. gentleman would put the question on the order paper I will be very glad to get the information for him.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Finance, or if he does not care to answer perhaps his parliamentary assistant who sits beside him might do so. Were the visitors to the minister's office, Mr. Kierans and the several others, obliged to take an oath of secrecy before they left?

(Translation):

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to direct a question to the Minister of Public Works, and I hope that the Secretary of State will not answer in his place. Could the minister tell us whether the construction work for the world exhibition will continue in spite of the imposition of the 11 per cent sales tax on building materials and machinery?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, may I suggest that the hon. member put this question to the mayor of Montreal who will give him an answer.

Mr. Valade: A supplementary question, Mr. Speaker. Does the minister intend to indemnify the authorities of the city of Montreal for the outlays resulting from the application of this measure?

(Text):

Mr. Speaker: Order. The hon. member must know that is a question that must be put on the order paper.

Mr. Olson: I should like to address a question to the Minister of Finance or the Minister of National Revenue. I do not wish to transgress any ruling that you have made, Mr. Speaker, so I refer you to citation 178 of Beauchesne's fourth edition, wherein it is stated:

> Questions addressed to ministers should relate to the public affairs with which they are officially connected, proceedings pending in parliament,—

And so on. What I should like to know is whether one or the other of the ministers would inform the house when they expect to issue a clarifying statement on the application of this new sales tax. I think it is a matter of urgent public importance. Furthermore, I have no assurance that either the Minister of Finance or the Minister of National Revenue is going to take part in the debate today. I would appeal to you, therefore, to allow this question so the construction industry across Canada can obtain some information as to when they can expect a clarification of this newly imposed tax.

Mr. Gordon: I must say that I think this is a very reasonable question. I will discuss it with my colleague the Minister of National Revenue at five o'clock, and I hope we will be able to accommodate the hon. gentleman at that time.

Mr. G. W. Baldwin (Peace River): I have a question for the Minister of Finance, Mr. Speaker. Are we to take it from what has been said today that the people of this country must assume the government is in doubt as to whether the recommendation contained in section 11 of the budget resolution, in the same or other form, will be reinstituted?

Mr. Gordon: No, Mr. Speaker.

FAMILY ALLOWANCES—INQUIRY AS TO EXTENSION OF AGE LIMIT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, since this is a rather important day I would like to direct a question to the determined, non-smoking Minister of National Health and Welfare. When will the government take action to extend the family allowances beyond the present age of 16 years for children attending school, as was promised during the election campaign?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, this being a matter of government policy, an announcement will be made when the government deems it expedient.

INCOME TAX

OIL AND GAS—DEDUCTION OF DRILLING AND EXPLORATION EXPENSES

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, on Tuesday the Minister of Finance promised an answer to a question I put to him asking for the names of six companies which sought exemptions with regard to income tax. Is the minister now in a position to give that information to the house?

Hon. Walter L. Gordon (Minister of Finance): I apologize to the hon. member. I have been occupied. I have not got the answer to his question. I will try to get it and give it to him tomorrow or the next day.

POWER

COLUMBIA RIVER—REFERENCE OF TREATY TO HOUSE COMMITTEE

On the orders of the day:

Mr. Speaker: Before the hon. member for Kootenay West puts his question, has it to do with the Columbia river?

An hon. Member: What else?

Mr. Herridge: I confess it has, Mr. Speaker.

Mr. Speaker: Well, I must say it gives me a great deal of pain to make these remarks, especially to the hon. member who has been a close friend for many years, but he was kind enough to send me notice of this question as well as sending the original to the Prime Minister and I must say first of all that the question is a page and a half long. The first part is a long statement and the latter part begins, "Does the Prime Minister think".

Some hon. Members: Oh, oh.

Mr. Speaker: That is a matter of opinion, and the purpose of a question is to obtain information and not to supply it to the house. In the circumstances I wonder whether the hon. member could quickly rephrase his question if he still desires to give information rather than ask a question.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a result of your admonition I shall try to revise the question but it is owing to the particular circumstances surrounding the question that I considered it had to be somewhat lengthy. I ask this question of the Prime Minister at the request of quite a number of people in my constituency and the Kootenays, including some prominent Liberals. In view of the fact that the Prime Minister during the election campaign informed audiences in British Columbia and Alberta that the Columbia river treaty was a bad treaty and in view of the fact that he promised various groups—

Mr. Speaker: Order. The hon. member is doing something indirectly that I ruled against directly, and I do think he should make his question short, crisp and to the point.

Mr. Herridge: Well, Mr. Speaker, I will come to the question. Does the Prime Minister consider he has lived up to the expectations aroused by his criticism of the treaty, and kept his promise to these various organizations and people by undertaking to have the revised treaty referred to the external affairs committee after a Liberal government —mind you, not parliament—has made a decision with respect to agreement with the government of British Columbia and the government of the United States?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is the intention of the government, as already indicated, to bring about changes to the Columbia river treaty in accordance with statements made by myself and others during the election campaign and prior to it. It is our intention to try and do that. When those changes are made and are in the form of an agreement with the province of British Columbia and the government of the United States it is our intention, as it is our constitutional responsibility, to bring that agreement before parliament and submit it to the committee on external affairs where the agreement can be considered. If parliament does not agree with it, then parliament can reject it.

POST OFFICE DEPARTMENT

INCREASED SALARIES FOR RURAL MAIL CARRIERS

On the orders of the day:

Mr. O. W. Weichel (Waterloo North): Mr. Speaker, I would like to direct a question to the Postmaster General, and I am sorry I have not been able to give him notice of it. Has the Postmaster General given further consideration to pay increases for the rural route mail carriers?

Hon. Azellus Denis (Postmaster General): Mr. Speaker, as this concerns government policy it will be announced in due course in the house.

TRANSPORT

RAILWAY BRANCH LINES—IMPLEMENTATION OF ROYAL COMMISSION REPORT

On the orders of the day:

Mr. C. O. Cooper (Rosetown-Biggar): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the rising concern on the prairies over the plans of the government concerning railway line abandonment, would the Prime Minister indicate the approximate time when legislation dealing with the MacPherson report can be expected; and will he make a more definite statement of the government's intention toward the understanding reached by the Conservative government with the railway companies, the provincial governments and the elevator companies?

Right Hon L. B. Pearson (Prime Minister): Mr. Speaker, so far as the question of legislation is concerned with regard to the MacPherson report, that is a matter of government policy and will be announced in due

course. So far as the other part of the question is concerned, my hon. friend the Minister of Transport may wish to repeat what he has already said two or three times in the house on this matter.

Mr. Cooper: A supplementary question, Mr. Speaker. Has the government given any undertaking to the other parties to that understanding that they stand by commitments made last January?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, some days ago I made a statement on that matter in this house in answer to a question, and the statement still stands.

P.E.I. CAUSEWAY—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a one sentence question relating to the intentions of the government on a matter of urgent importance, namely the Prince Edward Island causeway. I direct my question to the Prime Minister. Noting the lack of any announcement in this house beyond that of the Minister of Public Works to the effect that the matter was under consideration, may I ask the Prime Minister if the government is now in a position to give an assurance that its predecessors' commitment to build the causeway, as given in the House of Commons on April 17, 1962 by the then prime minister, will be honoured and the construction of the great project speedily commenced?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we hope to act more effectively and speedily in this matter than the government which preceded us.

FISHERIES

NORTH PACIFIC TREATY—REQUEST FOR INTERIM REPORT ON WASHINGTON TALKS

On the orders of the day:

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, the Minister of Fisheries has been having a rest and I would not want him to feel neglected. Therefore I would ask the minister whether he can tell us what has been happening recently in respect to the conversations concerning the North Pacific fisheries commission. Can the minister give us an up to date report as to the stage these conversations have reached at the present time?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, as there is a possibility that the convention now taking place in Washington may recess today or tomorrow, I expect to make a statement to the house probably on Monday.

HEALTH AND WELFARE

AIR POLLUTION—RESEARCH INTO RELATION TO LUNG CANCER

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I have a question for the Minister of National Health and Welfare. It arises out of an article in last night's Toronto *Telegram* entitled "Invisible—but it kills". My question has to do with the direct relationship that has been proven to exist between the number of pounds of pollutants in our air and the number of deaths due to lung cancer. In the increased research that is taking place in relation to cigarette smoking, is added emphasis also being given to research into air pollution.

Miss Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I am not certain of the answer, and with my hon. friend's permission I would take this question as notice.

REQUEST FOR TRUE STATEMENT RESPECTING RADIOACTIVE FALL-OUT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of National Health and Welfare. In view of a report in yesterday's Montreal *Gazette* that Dr. Gatthard Stehr of the Ontario department of lands and forests has stated that national health and welfare officials are "whitewashing the truth about atomic fall-out", would the minister assure the house that the unvarnished truth will be forthcoming?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): The hon. member knows my propensity for seeking out the truth at all times. I hasten to assure him and all hon. members that now having seen the clipping to which he has referred, I shall take the matter up with representatives of my department and give him an answer at the earliest opportunity.

TRADE

WHEAT—EXTENSION OF FURTHER CREDIT TO RED CHINA

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is the government considering extending further credit to communist China so that China can

continue to buy Canadian wheat, particularly after the commission has returned from Hong Kong?

Hon. Mitchell Sharp (Minister of Trade and Commerce): As I said in reply to a similar question the other day, Mr. Speaker, I do not think it would help in the sale of wheat to China if I were to discuss the respective positions of those who are engaged in the negotiations. I am sure my hon. friend would agree with this.

GRAIN

WHEAT—STATEMENT AS TO DELIVERY QUOTAS

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, may I reply to a question that was asked of me on June 10 by the hon. member for Lisgar concerning delivery quotas on grain. I indicated at that time that the wheat board was conducting a survey among country elevator operators across western Canada to determine how much additional grain farmers had available for marketing prior to the end of the crop year.

On the basis of this survey the wheat board has decided to raise the general delivery quota to 12 bushels per specified acre effective Monday, June 24, at nearly half the delivery points. The board will make every attempt to equalize quotas at that level throughout western Canada by the end of the crop year. I have also been informed that the wheat board will raise the quota on Durum wheat to 15 bushels per seeded acre.

Hon. members will appreciate that this quota level will enable the vast majority of producers to deliver all the grain they wish to deliver with the exception of Durum wheat. In the case of Durum wheat, production during the last crop year was at an all time high and, rather than congest the grain marketing facilities with supplies of Durum wheat far in excess of market requirements, the board has decided to limit the Durum quota to 15 bushels per seeded acre.

AGRICULTURE

TURKEYS—REMOVAL OF QUOTA ON IMPORTS FROM U.S.

On the orders of the day:

Mr. A. D. Hales (Wellington South): I have a question for the Minister of Agriculture; I would not want him to think we have been neglecting him lately. Will the minister advise the house whether, as a result of the decision by the European common market to raise tariffs on United States poultry by more than 200 per cent, he has decided to change the quotas on turkeys entering Canada from the United States?

Hon. Harry W. Hays (Minister of Agriculture): I had lunch with one of these gentlemen at noon.

An hon. Member: Did you have turkey?

Mr. Hays: We had lobster. We have these things under consideration. While I am on my feet I would like the hon. member to know that conditions in agriculture are good. The price of milk is up. Crops are good. Butter stocks are disappearing.

Mr. Hales: I should like to ask the minister what that has to do with turkeys.

Mr. Hays: We will have lots of wheat to feed them.

EXTERNAL AFFAIRS

ATTENDANCE OF PRIME MINISTER AT MEETING IN LONDON

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Prime Minister a question about something which is not domestic and relates to his reputation as a diplomat of peace. In view of the precedent of his predecessor in joining the Bermuda conference of Messrs. Kennedy and Macmillan, is he giving consideration to joining these heads of state in London next week?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have not been invited. No doubt my hon. friends at this conference know that I am very busy here.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO ACTION RESPECTING FUND

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to ask the Minister of Labour whether, in view of the very serious situation in respect of the financial condition of the unemployment insurance fund, his department has taken any other steps than that of the announcement in the Canada Gazette that the unemployment insurance advisory commission is asking to have any representations made to them on this question prior to an early date in July.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, this government has taken action to see that the fund is supplied with resources to meet its obligations. As the hon. gentleman realizes, the fund was in the red to the extent of approximately $23 million at the end of April and the speech from the throne indicated, pending presentation to

parliament of proposed changes in the act, that the government will continue to provide the fund with the necessary resources.

(Translation):

DOMINION-PROVINCIAL RELATIONS

QUEBEC—REQUEST FOR DELAY IN CONVENING CONFERENCE

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Has the Prime Minister any comments to make concerning the request Mr. Jean Lesage, premier of the province of Quebec, made to him in a letter dated June 7 of this month for the adjournment of the discussion of the federal aid to municipalities program until after the interprovincial conference which is to be held in Halifax at the beginning of August?

(Text):

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. A reply to this communication is now under consideration.

(Translation):
[Later:]

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister, following the answer he gave to the hon. member for Berthier-Maskinonge-Delanaudiere.

Does the Prime Minister intend to table the letter in which Mr. Lesage asked that the loans to municipalities bill be postponed until the interprovincial conference which will take place this fall?

(Text):

Mr. Pearson: I will be very glad to table it, Mr. Speaker. I believe Mr. Lesage has already made it public.

PUBLIC SERVICE

INTRODUCTION OF LEGISLATION RESPECTING COLLECTIVE BARGAINING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the statement of the Prime Minister on May 17 that the government was committed to legislation providing for collective bargaining in the public service, can he say how long it will be before this legislation is introduced?

Right Hon. L. B. Pearson (Prime Minister): As soon, Mr. Speaker, as we have been able to make progress with legislation on the order paper.

Inquiries of the Ministry

NATIONAL PARKS

CAPE BRETON HIGHLANDS—CONSTRUCTION OF CLUB HOUSE

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for my good friend the Minister of Northern Affairs and National Resources. I hope you will bear with me, Mr. Speaker, because whatever decision is reached on this matter has a bearing on whether some of my constituents will be working, and that is important and urgent.

Since it was the intention of the previous administration to construct a golf club house—

Mr. Speaker: Order. This is a question which should be put on the order paper.

Mr. Muir (Cape Breton North and Victoria): With all due respect, Mr. Speaker, I may say that I have been in communication with the minister's office by letter and by telephone. How do I get this information? I should like to know why a contract has not been awarded since the tenders have been closed.

Mr. Speaker: There may be similar questions to the one the hon. member has asked which every member would want to ask for every constituency in the house. Obviously, therefore, this is a question for the order paper.

[Later:]

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I have a question I should like to direct to a fellow Cape Bretoner, the Minister of Labour. Will he use his influence to urge the Minister of Northern Affairs and National Resources to get on with projects pending within Cape Breton Highlands park?

Hon. A. J. MacEachen (Minister of Labour): I will be glad to do that, Mr. Speaker.

LABOUR RELATIONS

VANCOUVER—STEPS TO PREVENT STRIKE OF LONGSHOREMEN

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to ask the Minister of Labour whether, in view of the desperate situation which has arisen following the failure of 12 months of negotiation in Vancouver and a strike vote of 95 per cent of the people affected, any special attention or consideration of mediation is in the mind of the minister to prevent a work stoppage on the Vancouver waterfront and prevent the loss of some $3 million a day.

Hon. A. J. MacEachen (Minister of Labour): The officials of the Department of Labour are keeping in close touch with this situation,

and the latest information I have is that all parties are contemplating intensive negotiations with a view to the resolution of this dispute. It would seem to me that while the parties are preparing to undertake negotiations the Department of Labour ought to stand ready to assist if assistance would be helpful.

BUSINESS OF THE HOUSE

COMPOSITION OF COMMITTEE ON DRUGS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Secretary of State. It relates to a notice of motion by his colleague the Minister of National Health and Welfare, but I think it is appropriate that I put the question to the Secretary of State. I am not neglecting the Minister of National Health and Welfare. Indeed, I am glad to see her motion on the notice paper with regard to pensions, but my question relates to the establishment of the committee on drugs. May I remind the Secretary of State that we were told, during the meetings of the striking committee, that this committee would consist of 15 members. We sent in the names of our group accordingly, but the motion says 24 members. Could this be clarified?

Hon. J. W. Pickersgill (Secretary of State): I must confess I was taken as much by surprise as the hon. gentleman. I shall make inquiries and endeavour to give as much clarification as possible.

Mr. Speaker: May I suggest to hon. members that the time has come when we should proceed with orders of the day.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, June 19, consideration of the motion of Hon. Walter L. Gordon (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. Nowlan.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I think that today's discussion on the budget will remain unforgettable because of some accompanying circumstances. As far as I am concerned, I have no intention of trying to raise a scandal where there is none. I would not in any way like to question the honesty and sincerity of the Minister of Finance (Mr. Gordon). Indeed, I think that there can be no doubt in that respect. Neither would I like to create a scandal around the fact that the Minister of Finance may have some advisers or experts in attendance when preparing his budget. All I want to do is to point out that in the past, the Liberal party, to which the minister belongs, has probably been the political party in Canada which specialized more than any other in stirring up scandal where there was none, or to distort the truth as much as possible, while raising unjustified doubt. And, today, the Liberal party is caught at its own game. Indeed, it taught others well enough how to create a scandal, and that is why it has to bear the consequences today.

As far as we are concerned, Mr. Speaker, we never wanted such a policy. We did not accept it in the past, when applied by the Liberals. Neither shall we accept it when the same happens at the expense of the Liberals, and the proof is that, just a few days ago, I did not hesitate a moment to give a chance to the Minister of Finance himself to clear up any doubt that might have existed, whereas some hon. members wanted to prevent him from explaining a point raised by the hon. member of Calgary North (Mr. Harkness).

Mr. Speaker, we think that politics should have higher standards. If the Minister of Finance is to be blamed for anything, it is not because he consulted some advisers, but because he chose the wrong ones. People realize it today, because we see that the Minister of Finance has to take out of his budget some proposals and even some words which the wrong advisers put in his mouth, so to speak.

What is most important is that today we are living some hours of great significance for our country, when it appears without doubt that Canada is ruled by a government which kowtows to international finance.

The Minister of Finance submits a budget. Afterwards, protest is raised by the humble folk everywhere, by those who are employed in house construction, in the production and sale of building materials. Indeed, the Minister of Finance stated himself that he received letters and telegrams of protest from all sorts of organizations and societies. But nobody bothered. Not a single answer has been received with regard to those protests. The legislation itself is not clear and nobody bothers to explain it. The little man is left in complete ignorance of the nature of that legislation and the way it will be administered.

But now we have protests flowing in from the president of the Toronto stock exchange and the president of the Montreal stock exchange, from the American under secretary of state, from investment brokers, from big

financiers, one of whom was named a while ago, from the president, vice president or director of a large Montreal brokerage house. They come from big men of finance, not from ordinary Canadian citizens who make up the majority of the people, but from big financiers in Canada and especially from outside Canada.

It did not take long, Mr. Speaker, just a few days. The present government and its finance minister bowed, accepted, gave way before the protests of the big financial interests and withdrew the legislation under which a 30 per cent tax was imposed on the sale of Canadian corporations' shares to foreign interests. Mr. Speaker, I say this is a serious matter.

We see that the very same man, Mr. Eric Kierans, who during the last election campaign went from one end of the country to the other, spreading lies, distorting the Social Credit doctrine the better to fight and destroy it, I repeat, distorting it and lying shamelessly the better to fight Social Credit, that same man who stood up for American financial interests at that time, paid a visit to the Minister of Finance and, just 12 or 15 hours later, the tax on the sale of Canadian shares to non-residents was cancelled and withdrawn from the budget. So, Mr. Speaker, I maintain it is a shame to bow like that before the big men of finance in this country.

Please note, Mr. Speaker, that they put on quite a show. The Minister of Finance seemed annoyed by the tone of Mr. Kierans' letter, but he accepted Mr. Kierans' claims. He said that Mr. Kierans was wrong, but he accepted his claims.

Here we witness the greatest performance, I would even say the best show of hypocrisy ever seen. The president of the Montreal stock exchange and the Minister of Finance seemed to have daggers drawn, but the latter bowed before the president of the Montreal stock exchange who is the direct link with the American financiers, as president of the Montreal stock exchange and the Canadian stock exchange. That is, Mr. Speaker, the situation.

Faced with facts, Mr. Speaker, as I said a few moments ago, I do not want to doubt the honesty and sincerity of the Minister of Finance. I believe him to be a gentleman, polite and amiable but after what happened I think that if he has any pride or decency, he will admit that it is his duty, today, to resign as Minister of Finance of Canada.

When we see that the person responsible for controlling the budget bends and crawls before the big financiers, then, Mr. Speaker, in view of the circumstances, I think that he has no other alternative but to leave honourably the post which he now occupies. He will show greater courage and strength than he has in the last 24 or 36 hours, if he resigns those functions that require its incumbent to be much more Canadian than he has shown himself to be in these last hours.

Having said that, Mr. Speaker, I would like now to get to the heart of the debate. First of all, I notice—and I will use the speech of the Minister of Finance himself—that there is nothing new under the sun.

One remembers very well that the Liberals, when they were in opposition—and, here, it is spelled out—were against railway subsidies with regard to freight rates. The Minister of Finance said:

> The initial series of payments has continued since—
>
> 1958—
>
> —and we have been forced to provide $20 million for this purpose in the present fiscal year.

Forced. What forced him, Mr. Speaker? One fact only: there is nothing new under the sun.

Then he added:

> In light of the continuing confusion in railway matters, the previous government appointed a royal commission on transportation in 1959.

And there, it says:

> The failure of the previous government to deal effectively with the railway question thus means that we are faced with special railway subsidies this year aggregating $70 million.

"We are faced with", as if this were an obligation. It is just that two governments, the two old parties, have always travelled the same road. There is nothing new under the sun—things go on as they were.

And that is not all, Mr. Speaker. Here are other examples:

> I indicated when I tabled these estimates that we have been forced to bring forward for this budget the expenditure estimates prepared by the previous government.

Forced by what? There is always the same motive being invoked, and the more it changes, the more it remains the same.

And a little further on:

An examination of the tax structure shows clearly that taxes are already very high, but that the revenue they produce continues to fall short of necessary expenditures.

And it still goes on—our tax structure "shows clearly that taxes are already very high". But taxes are increased again. The more it changes, Mr. Speaker, the more it remains the same. Going still further, I find other instances. I quote the Minister of Finance:

Taxes must provide revenue sufficient to allow an important step toward budgetary balance. And since the increased outlays under certain new programs will be tapered off or stopped in two or three years time, provision can also be made for some revenue of a non-recurring nature.

Now, he says—

While it would not be correct to describe any tax as being popular anywhere—

Those are the words of the Minister of Finance—

—it is the case that indirect taxes such as the sales tax are now regarded with more favour in quite a number of countries than in the past.

Exactly as it was before. There is an attempt to hide taxes so that they should go unnoticed, and that Canadians would swallow them more easily. It is all the same thing over again—the more it changes, the more it remains the same, Mr. Speaker.

I heard the Liberals, when they were in the opposition, complain about deficits, claiming it was a shame for the country when the Conservatives had deficits. But today I notice that we have a deficit of $585 million, not counting what will be added, since the 30 per cent tax on the sale of Canadian securities has been abolished. Formerly, we had deficits of $600 or $700 million, but this year we have one of $585 million. The more it changes, Mr. Speaker, the more it remains the same.

And further on we find this:

Our net cash requirements for 1963-64, both budgetary and non-budgetary—

And this will increase it even more—

—are thus estimated to be about $850 million.

This is worse than last year. Here, we may say that the more things change, the worse they get.

Mr. Speaker, I can go on and find in this budget endless facts which prove that the more it changes, the more it remains the same.

But, what we would have liked to see, for instance, is the carrying out of the Liberal platform, because it had some good points.

[Mr. Gregoire.]

We see, among other things, that the Liberal party will see to it that there is full employment, Mr. Speaker. I received yesterday from the Minister of Labour a word, a letter or rather a message, about the employment and unemployment situation for the week ended May 18, 1963, that is 30 days after the beginning of the 60-day period. Incidentally, Mr. Speaker, it ends today and I wish the Prime Minister a happy anniversary for his 60 days of decision, specially since he has not decided anything apart from increasing the taxes.

Mr. Pigeon: May I put a question to the hon. member for Lapointe?

Mr. Gregoire: Certainly.

Mr. Pigeon: Would he be willing to grant them three days of grace?

Mr. Gregoire: Would it bring some special sanctifying grace to the Canadians? I do not think so.

So, Mr. Speaker, the Liberals were talking—it is to be found at the very beginning of their platform—about full employment. Let us see what the situation is today: on May 19, 1962, that is a year ago, there were, according to statistics, 336,000 unemployed; on May 18, 1963, there were 346,000 unemployed or 10,000 more.

We should have liked to see the platform of the Liberal party carried into effect but we see the reverse. And what else do we see? "Slums clearance to make room for better houses".

The Minister of National Revenue said: We shall give $500 to everyone who builds a home during the winter months, while we know that in winter the cost is increased by more than $500. The following day or a few days after, the Minister of Finance announces his tax.

Now, Mr. Speaker, here are some figures to show if the Minister of Finance with his tax has really encouraged home building and the clearance of slums. I have before me a book which I received yesterday morning, in English only, from the dominion bureau of statistics, which comes under the Department of Trade and Commerce. I have not received the French version. It bears the catalogue No. 64002. I only have it since yesterday. It points out that in 1962, 104,279 houses were built; at $500 per house, it comes to $52,139,500.

Now, the Minister of Finance expects that by adding his tax on building materials during the six remaining months of this year, it

would yield $170 million, which for a complete year, that is for 1964-1965, it would bring in $365 million and he would only have to spend $52 million.

He is actually taking back seven times more than what he is giving us. That is exactly the opposite of what was announced in the program of the Liberal party. It is not through such action that the Minister of Finance will promote home building.

Mention was also made in that program of improved health care. However, the matter is not even mentioned in the budget. This is what we would have liked to find there, but it is exactly the opposite that happens.

There had been some talk about increasing to $75 the allowances paid to blind and disabled persons. Yet, no such reference is made in the budget. We had been promised an increase to $75 in the old age pensions paid to widows and unmarried women at age 60. We are unable to find anything to that effect in the budget, in fact, we find exactly the opposite.

All that was very useful before the election. But afterwards, I bet that the Prime Minister (Mr. Pearson) and the Minister of Finance (Mr. Gordon) have never even thought of it. Those were only election promises, Mr. Speaker.

With respect to the budget properly, one can notice that the Minister of Finance is concerned about several important questions, the main one being unemployment. I shall come back to this later on.

One of his major concerns besides unemployment, Mr. Speaker, has to do with the excessive outflow of capital to foreign countries. The Minister of Finance mentions that our balance of payments deficit on current account has averaged $1.2 billion in the past six years. One notices also a little further that the Minister of Finance mentions that while unemployment is the major problem, we must not overlook other problems, the most serious being the continuing deficit in our balance of international payments, with the budgetary deficits of the federal government being next. The most serious problem then is the continuing deficit in our balance of international payments.

I have received yesterday, or the day before, another booklet in English only, also from the dominion bureau of statistics, entitled "National Accounts and Balance on Payments of Dividends". What is it about? It concerns our international trade for three months, that is the first quarter of 1963, which shows a deficit of $243 million. For the exchange of goods there is a surplus of $62 million for a three-month period. On the other hand, there is a deficit in the matter of payments, capital transactions, of some $305 million in three months. This is due to dividends of $154 million and interest of $60 million and other short term capital transactions which form a total of $305 million.

So, when the Minister of Finance says that the most serious problem is still the balance of payments, the cause is inevitably the outflow of our capital by way of interest and dividends.

But what does the minister say then? Let us see what the Minister of Finance has to say on that subject.

> There is a clearly recognized danger that if deficits continue at this rate, they will lead to a growing measure of control of our economy passing abroad.

In that respect, we certainly agree with the Minister of Finance; he is perfectly right.

But a little further he says:

> In view of this situation we are entitled to take pride in the harmonious relations which have been maintained with the holders of foreign capital in Canada.

Mr. Speaker there is certainly a mistake there, either in the translation or the drafting, because the Minister of Finance warns us against too large a control by foreign capital and, the next moment, that is a few pages later, he tells us that we can take pride in the harmonious relations which exist with the holders of foreign capital.

He did not say it only once but he repeated it about two pages further in his budget address. I quote:

> Above all, I am convinced that a growing partnership between Canadians and investors abroad is the best way of strengthening the harmonious relations with foreign capital which it is our object to preserve.

There you have another inconsistency, Mr. Speaker. But there is no end to inconsistencies in the field. About 12 pages further, the Minister of Finance said:

> I referred earlier this evening to the need for a continuing inflow of foreign capital.

And I repeat what he said:

> —the need for a continuing flow of foreign capital.

And there you have yet another inconsistency.

A little further, Mr. Speaker, the minister said:

> As I indicated earlier, it is the policy of this government to encourage direct foreign investment in new enterprises in this country.

But in the very same paragraph—and this is when I began to think I had not been given a true copy of the budget address—he added:

> It is our view that non-resident take-overs of established Canadian companies rarely confer any benefit on the Canadian economy.

Mr. Speaker, those are the contradictions we find in the address of the Minister of Finance. On the other hand, I found in it a rather encouraging passage—at least I hope we shall feel encouraged before long. On page 2 of his address, the Minister of Finance, speaking about our very heavy international balance of payments deficit, said:

> This has meant that we have been importing goods and services which we should have produced at home—

But what are the most important services which we have imported from abroad? Foreign capital of course.

However, we heard the minister state that we should have produced at home services which we have been importing.

Mr. Speaker, why does the Minister of Finance not use an institution which is at his command, I mean the Bank of Canada? Why does he not use the Bank of Canada to find at home the services, or in other words the funds which are required?

This is but one of the measures we suggest to the Minister of Finance. If he were willing to put it into practice, he might solve some of the current problems, more particularly the problem of our international balance of payments deficit.

Mr. Speaker, I am not too surprised that the budget should give the results we have seen today considering especially that the Minister of Finance has based his whole argument and the budget on the confidence that the government of the day has created in Canada. Listen to this carefully:

> As I say, our country is just recovering from the loss of confidence that was engendered by the poor financial and economic administration of the previous government.

The minister adds the following:

> However, confidence is not an element on which you can rely or which can be measured physically. It is a state of mind, a psychological phenomenon.

I do not have to go any further since that gives us an idea of the financial policy the government advocates. We all know that the best music teachers are not always the best singers. The best professors of economics are not always the best economists.

[Mr. Gregoire.]

Mr. Speaker, I am sure the members for Outremont-St. Jean, Drummond-Arthabaska and Matapedia-Matane (Messrs. Lamontagne, Pepin and Tremblay) will agree with me when I say that political economy could be defined as the science which deals with the production, exchange and consumption of the natural and industrial resources of a country. Indeed, that is the very definition that my hon. friends learned and taught. Political economy is a science—that word is most important—which is based on statistics, facts and figures just like physics is based on accurate figures.

When a rocket is launched in the atmosphere it is with the help of facts and statistical data, not through a state of mind or thanks to a psychological phenomenon.

If American physicists were to administer their interplanetary program through a psychological state of mind, they would not get their rockets off the ground.

The economists of the Liberal government have never considered economics as a science. In their opinion, it is a state of mind, a psychological phenomenon. That is why we are not getting anywhere. We have not even started off. That is also why the Minister of Finance stated: We could have procured commodities and services at home but we went abroad to get them.

If we are in such a pitiful situation today, it is because the government fails to realize that economics is a science based on statistics and accurate data and that economists should analyse the latter and use the Bank of Canada to provide credit in accordance with the possibilities and resources of the country. It is also because our economists are only concerned with states of mind and psychological phenomena.

With one hand, we give $52 million to go and get $360 with the other. This a psychological phenomenon. We maintain the deficit budget as before; these again are psychological phenomena.

Mr. Speaker, I suggest that our economists should go back to school and become scholars in economics and not people who believe in chance, chance of the seven fat cows and the seven lean cows. I have heard before the President of the Privy Council speaking about progression and regression cycles, just like the seven fat cows and the seven lean cows. At that time, he lived on a psychological phenomenon.

Mr. Speaker: I must inform the hon. member that his time is up, unless he proposes an amendment.

(Text):

Some hon. Members: Carry on.

Mr. Pickersgill: Mr. Speaker, I have the impression that the hon. gentleman did not realize he was limited to 30 minutes. If the hon. member for Burnaby-Coquitlam (Mr. Douglas), or whoever is going to speak on his behalf, does not object, I would hope there would be unanimous consent to let the hon. gentleman continue briefly.

Mr. Douglas: There is no objection, Mr. Speaker. The hon. member for Nanaimo-Cowichan-The Islands would like to begin his speech in time to have his half hour before five o'clock.

Mr. Pickersgill: I would hope, Mr. Speaker, it would be agreeable to the hon. member not to go beyond 40 minutes.

(Translation):

Mr. Dupuis: I should like to point out the fact that during the debate on the budget, last year, my hon. friend was against my being granted a few more minutes, but nevertheless it is a pleasure for me to give him a little more time.

(Text):

Mr. Speaker: Is it the intention of the hon. member to propose a subamendment? If not, his time is limited to 30 minutes unless he secures the consent of the house to continue.

Some hon. Members: Let him go on. Agreed.

(Translation):

Mr. Gregoire: I must thank the hon. members for letting me continue my remarks.

Mr. Speaker, I think that the second serious problem, second only to the problem of international trade balance is the problem of the national debt. The budget speech mentions the debt, but it is mainly concerned with the interest aspect of it, namely $918 million, which caused the heavy deficit of this government.

I believe that this is a most important matter. It has been raised on several occasions previously, therefore I will certainly be permitted to come back to it and ask the Minister of Finance to consider—it is true that I do not represent a large financial group, I am only a member of this house—but I would suggest to him that he consider the proposal I made to him in connection with refinancing the national debt through the Bank of Canada. This way, we could pay the nation's debt and at the same time the service charges in the amount of $918 million.

Mr. Speaker, I shall refrain from dealing with one or two problems and, since my time is running short, I shall come to a point the Minister of Finance raised in his budget speech, and I quote:

> I shall begin with a word regarding monetary policy.

At that point, the Minister of Finance dealt with this government's monetary policy. You will see what great monetary policy we have.

> This government favours the kind of credit conditions which will encourage economic expansion. In saying this I am aware, of course, that our balance of payment situation must at all times be kept in mind.

Then we come to the policy which, to sum up the three paragraphs dealing with monetary policy, mean simple weekly visits to the governor of the Bank of Canada.

A little further in the speech we find the following statement:

> The royal commission on banking and finance will no doubt be considering whether—

In other words he repeated that he shall meet almost continually with the governor of the Bank of Canada. This is the only element I seem to be able to find in the present day monetary policy of this government.

There was another Minister of Finance, some 20 years ago, who had very advanced ideas on the nation's monetary policy. In 1942, the Minister of Finance in the Liberal administration of the day implemented an important monetary reform. He eliminated the small five cent coin to replace it with a large nickel.

Another point on which I would like to insist today is that again and again, during his budget speech, the Minister of Finance talked about the take-over of our economy and indicated that Canadians must take over the economy of the country. In fact, here is what he said on that matter and there again inconsistencies can be noted.

> But we must recognize that the extent of non-resident ownership and control which it has produced in Canada goes far beyond anything found in other countries in a comparable stage of industrial maturity.

So, the minister recognizes that there is a problem in that respect. And he added immediately:

> —we are entitled to take pride in the harmonious relations which have been maintained with the holders of foreign capital in Canada.

And even if the minister recognizes that foreigners hold a very substantial ownership of our economy, he suggests provisions or at least makes observations with a view to encouraging foreigners to acquire a greater part of our economy.

And when the minister proposes to reduce the taxes in a proportion of 5 per cent for corporations, when 25 per cent of their shares are held by Canadians, he really thinks he will assist Canadian industry. For that matter, I can foresee that Canada will no longer be a country in which 75 per cent of the industry is controlled in a proportion of 100 per cent by foreigners, but a country in which 100 per cent of the industry is controlled in a proportion of 75 per cent by foreign interests.

For the information of the minister, I must tell him that when you require only 25 per cent Canadian ownership, you want to leave nothing but crumbs to Canadians so that the greater proportion of 75 per cent is left to foreign interests because it is a known fact that the one who owns 51 per cent of the shares of a company is still the one who controls the company and not the one who owns only 25 per cent. On that occasion, the Minister of Finance gave us evidence that instead of being 100 per cent Canadian, the present government is only 25 per cent Canadian.

Mr. Speaker, I would have liked to say more about the new taxes, but since my allotted time forbids me to do so, I shall talk about the federal-provincial fiscal relations.

In my opinion, the budget speech of the Minister of Finance has put an end to the hopes of those who believed that the relations between the central government and the government of the province of Quebec would be improved, thanks to a better distribution, and even through the return to the province of her sources of revenue.

In his budget speech, the Minister of Finance seemed to bring to an end the hopes of the government of the province of Quebec for the recovery of 25 per cent of personal and corporate income taxes. But when we consider that the objective of the province of Quebec is not only to recover 25 per cent but indeed 100 per cent of her sources of revenue, we may rest assured that from now on we shall have to fight a battle which will result in the victory for the ideas of the province of Quebec in this field, despite the ideas put forward by the Minister of Finance.

The Minister of Finance stated that the government would be able to have more influence on the economic activity through fiscal policy; I must tell him that he is completely wrong, because we cannot influence the economy by keeping all fiscal policies. On the contrary, we impose restriction on the economy of a country, because taxes increase steadily instead of decreasing, and as taxes increase steadily, they always result in restrictions. Now, if the government reduced taxes in a substantial way, then we might say that a certain amount of influence could be felt, but in our country, taxes have always increased and never decreased.

Mr. Speaker, before resuming my seat, may I say that the present budget is stagnant and shows that the government is lacking in imagination, in daring, in energy and in vigour. Indeed, I suggest that the government should be more confident in the future of Canada, in the Canadian people and in the capacity for development of our country.

(Text):

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I began preparation of this speech some time ago and today I find myself somewhat inhibited as to the remarks I had proposed to make on this occasion. Possibly it is a sign of old age, a certain mellowing of my disposition, but I have a certain reluctance about kicking somebody who is already down, and when one sees the government which came into office with such a fanfare of trumpets a few months ago in such complete disarray today, it is a saddening sight.

There are, after all, elements of Greek tragedy about this and I cannot help thinking that the unfortunate Minister of Finance is a victim of what the old Greeks called the sin of hubris, overweening pride, which invites the furies, of course, and the inevitable punishment. I am not competent to go into the vexed question of the legality or illegality of the hon. gentleman's use of unorthodox aid, or advisers, in the preparation of his budget. In view of recent revelations, I am not quite sure whether we should regard this as anything very sinister but rather in the nature of an old-fashioned quilting bee in which the Minister of Finance (Mr. Gordon) gathered around him an assemblage of people to help him patch together a patchwork quilt made out of a lot of scraps of pre-Keynesian economies, tattered attempts at modern economics, and in the end producing a bed cover that is not going to keep us very warm in the forthcoming cold weather. I do not think this is too sinister now in that regard, but I do say that this house has a right to ask the government to make sure that if it is going to get unorthodox help from outside, that that

help should be competent. Because unfortunately the events of the last two days have proved that the help the minister relied on was grossly incompetent and should never have been permitted near the budget-making, not for fear that they would reveal secrets but because they were hopelessly incompetent to perform the tasks that the minister expected of them. I have no particular tears to shed over those in our society who failed to make a fortune yesterday, and I hold no brief for those who did. But I do suggest that if the minister is going to conduct our economic affairs on the basis of some sort of equity, then we should allow all thieves to have a licence at the same time.

In the course of his long address the minister mentioned on a number of occasions that to him the overriding problem in Canada today was that of unemployment, and with that estimate I am sure very few of us would disagree. He also said something else in the course of his long address on the budget, and when I read it today I wondered if this was the sentence that the furies were listening to. You recall, Mr. Speaker, that he told us that there has been a resurgence of confidence since the election. We would all agree with him that unemployment is the major problem of today, but I would suggest that it is possible to overestimate the power of words, and that unless they are translated into action and into reality they tend to become blown away by the winds of time. Our finance minister made a bow, I may say a much less pronounced bow than he made in his volume which dealt with a former troubled Canada, presumably a different one from the Canada that is troubled today, a very slight bow in the direction of acknowledging the role that deficit financing has in periods of economic stagnation and high unemployment. I was relieved to hear him say that, but then astounded a few minutes later to hear him produce a complete non sequitur and to proceed to chase a "will o' the wisp" of a balanced budget when he told us that we must begin now to move towards balancing the budget under conditions of high employment. I am sure, Mr. Speaker, that the 500,000 or however many unemployed there are today will be completely stupefied by this statement of the minister and will be asking themselves, what high employment is the man taking about? This move in the direction of a balanced budget is, of course, well calculated by every respectable economic opinion in the country, and indeed in the world, to prove a complete obstacle to attaining that period of high employment and economic activity towards which the minister is looking.

I looked up some of the minister's earlier statements before he was promoted to his present position. He was a private member of this house on October 22, 1962, and on that date, as reported at page 817 of *Hansard*, he had this to tell us:

> Our kind of economy works best in circumstances where responsibility for economic decision making is decentralized and in so far as possible is kept in private hands. However, it has been necessary in the past to invest some public capital in large undertakings and developments when sufficient private capital was not available. I think we should be perfectly willing to do the same thing again when it is necessary to get industrial developments going.

I am interested in that statement when I compare it with what the minister has been telling us in the last few days in his budget address. I wonder if he has decided that our economy was not in such a perilous condition as he was telling us eight months ago, and that he was mistaken; or can he possibly be telling us that in the course of these magic 60 days this government has solved all these problems and that they are now no longer with us? Because obviously if large capital expenditures of public funds were necessary eight months ago, one would assume that they were necessary today. But the minister seems to have changed his mind.

Admittedly the government came into power with stars in their eyes, and even though those stars have become a little tarnished in recent days no doubt there is enough glitter in them yet to blind them to some facts in this fact-finding budget. Fact number one, and it is one of which I would have thought the Minister of Finance would be aware, is that you do not cure depressed economic conditions by a hold-the-line policy. Yet that is what he outlined in his budget address. This was to be a hold-the-line policy, and he took great pride in the fact that he was going to reduce by some $200 million the deficit that had been anticipated by his predecessor in office.

Now, Mr. Speaker, this strikes me as rather peculiar when we compare the situation with things which happen in other parts of the world. For instance, in Sweden, which is a country of high economic activity at the present time, they have been prepared to maintain over a very long period of time, and are maintaining it to the present day in conditions of almost complete full employment, a deficit of somewhere in the neighbourhood of 2.9 per cent of their gross national product. Our Minister of Finance, in the face of unemployment and a stagnating economy,

takes pride in the fact that he hopes to reduce this ratio between our deficit and our gross national product to some 1.5 per cent. I suggest to you that this indicates a complete lack of understanding of the role of modern economics in solving these problems. He has, of course, a number of measures in addition to the budget which he intends to use as incentives to economic stimulation. One of them is the old one which has been brought up year after year by both Conservative and Liberal governments—the idea that the way you get prosperity is to give tax incentives to private entrepreneurs. They persist in doing this even to the present day and even in the face of authoritative statements on the part of such organizations as the Canadian tax foundation, which reveal the real relationship between tax levels and levels of investment.

Between 1955 and 1957, as I am sure the Minister of Finance must know having come across this in the operations of his private business, there was a booming investment in Canada. At that time levels of corporation taxation ran from 45.9 per cent on profits over $500,000, 41.6 per cent on profits over $100,000, 36.2 per cent over $50,000, and so on. In 1962 the rate on profits of $500,000 and over was reduced to 39 per cent, on $100,000 and over to 30.9 per cent, and on $50,000 and over to 20.7 per cent. I suggest to you that this is clear proof that tax incentives are not what is required to stimulate private investments. What is required, of course, is effective demand.

This brings me to another of the items in this government's extraordinary incentive program. The Atlantic development board is going to be encouraged in its operations by providing a three-year tax holiday for firms which will enter that particular part of the country. In fact, it is being suggested to them that they will have a tax exemption for three years in which they could have no hope of making profits, because if there had been that hope they would have been there. The records show that if there were profits available, then firms would be there.

The minister has some rather curious method by which he plans to stimulate the economy. One of these has been discussed at intervals or attempts have been made to discuss it, and you have been hard put, Mr. Speaker, to head off a debate on it. I refer to the extension of the sales tax to building materials. This, in my opinion, is one of the most extraordinary combinations of measures ever presented by a Minister of Finance. We are told on the one hand that the government intends to stimulate building activity, particularly in the winter, by making a minis-

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

cule reduction in interest rate, by reducing the down payment and by providing a $500 bonus to those who undertake building in the winter. Then, in order to completely offset that the minister is going to extend the sales tax to all building material. Of course, the building of houses is only a part, perhaps a very small part, of the economy that is going to be battered by this expansion of the sales tax.

One can readily see what is going to happen when we read the report from the Ottawa city council last night. As a result of the minister's decision to extend the sales tax to building materials, they are going to sharply reduce their capital expenditures in the forthcoming year. This will be a great help to employment in the capital city. This action, of course, will be repeated in every city in Canada. It will find its reflection also in other major construction projects. We have, in my own province of British Columbia, some major construction projects which are in the wind, one at least of which it is contemplated will be undertaken. The added cost now provided by the minister's expansionary measure may stall proceedings on these projects.

What does he expect to get out of it? Here is the amazing part of it. The most he hopes to get out of it is $170 million. I am going to suggest he will not even get that because he will find that the quantities of materials on which the 11 per cent tax would be paid will sharply decline. In addition to that, the government's expenditures are going to go up as a result of coping with the consequent unemployment. Nothing could have been more spendthrift and irresponsible than this ridiculous method of pretending to stimulate the economy.

Then, we come to the municipal loans provision. I have mentioned the city council of Ottawa, and I should like to mention some comments in general terms about it. I would suggest to you, Mr. Speaker, that this is all inextricably mixed up with the budget. The loans to municipalities are going to exclude the very things that are the great problems of municipalities, the provision of such things as schools, hospitals, sewers and public housing. In fact, one is almost at a loss to know upon what a municipality is supposed to spend the money. Perhaps it could be used to raise aldermen's salaries or something of that sort. It is a very difficult thing to know what they could possibly do.

Then, we have the Canadian development corporation which is going to solve all our economic troubles by bringing some order into the investment field. However, this is not an expansionary measure at all. It is a measure that is only going to pool existing savings

unless the government is contemplating that it will have to make good on the various guarantees it is going to give. Otherwise, this will not be expansionary at all. This will merely be changing existing capital, existing savings, from one field to another.

Now, Mr. Speaker, the minister has—I will not say fallen from grace because he has not fallen yet—been under considerable fire over another of his measures to rectify the errors in the Canadian economy. I am very sympathetic to his idea that it is time Canada, the Canadian people and the Canadian government took a very long, serious look at this growing development of foreign ownership of our resources and our industry. But what an extraordinary way he went about trying to achieve that laudable purpose. I will not go again into the tizzy he caused in the stock market which set it bouncing around like a yo-yo. I am glad to find that some of the millionaires are in Vancouver. After all, it is time we had our share of the millionaires. However, this strikes me as typical of the methods by which this government, this Minister of Finance, proposed to solve the problem of foreign ownership.

They also have something which I think might be called the Liberal party's apostles creed. In the budget address we find a paragraph which starts with, "We believe":

> We believe that industry in Canada, wherever it is controlled, should operate with due regard to the over-all interest of Canadians and the Canadian economy. This means that Canadian raw materials should be processed to the greatest possible extent in Canada ... It means that export markets should be sought actively wherever they may be found—
>
> —a conscious effort to purchase its raw materials, components and supply from Canadian sources whenever those sources are competitive.
>
> It means that industry should employ Canadian service firms wherever possible—
>
> It means that industry should exert itself to expand in Canada all the industrial functions which can efficiently be carried on here—
>
> It means that industry should seek to provide the fullest opportunity for Canadian employees at all levels, including managerial, scientific and technical personnel.

In fact, Mr. Speaker, our Minister of Finance would have our national economy organized on the basis of categorical imperatives. Unfortunately, the categorical imperative does not apply. No doubt these people should do this sort of thing, and no doubt they would have been doing it today had it been the profitable thing for them to do. Our finance minister does not suggest how we are going to persuade or convince them that this is the most profitable thing for them to do.

Then, of course, at the tail end of this curious group he has here, I was very interested to find this statement. It is rather ironic to read it today in the wake of yesterday's events:

> Above all, I am convinced that a growing partnership between Canadians and investors abroad is the best way of strengthening the harmonious relations with foreign capital which it is our object to preserve. Foreign investors can further the growth of this partnership by selling minority interests in their enterprises to Canadians—

Again, this is something they should do, but there is no indication of just how we are going to get them to do this. I would suggest, Mr. Speaker, that the Minister of Finance, like all previous ministers of finance in Canada, in trying to deal with this problem is trying to deal with something that is insoluble within the framework of our traditional economic and social relationships. For one thing, we have a constitutional problem in Canada to be considered because the provinces have complete control over the bulk of the natural resources on which foreign corporations have built their industries.

To my mind, Mr. Speaker, there is only one sort of solution for this problem, the solution of public investment to regain control of the resources on which these industries are based, and if the federal government were to embark on a program of financial assistance to provinces prepared to embark on such a recovery of their natural resources I think this would be the sensible way to go about the problem of foreign ownership. Certainly none of the methods provided by the minister are anything but derisory in their nature.

We have also heard quite a bit in the budget debate about the question of liberalizing trade. Our Minister of Trade and Commerce (Mr. Sharp) has gone through the world, and he is hoping he did something at GATT that will help our problems. I should like to ask him and also ask the Minister of Finance (Mr. Gordon) this. It is asked quite seriously and I hope they have given some consideration to it. About a month ago the Right Hon. Harold Wilson, speaking to the United States chamber of commerce in London, pointed out the dangers of merely liberalizing trade without taking some steps in regard to international liquidity. I have no doubt whatever that the Minister of Trade and Commerce noted this speech and the proposals that were made by Mr. Wilson at that time, proposals, incidentally, that have been made before by economists. Dr. Triffin was one, and in a much earlier time, of course, a similar proposal was made by the late John Maynard Keynes. The proposal was that the international monetary fund should be established in effect as an international central bank.

Mr. Wilson points out that in the world as a whole we are now facing exactly the same problem that national economies were facing at the time they were tied to gold and which required increases in the volumes

of gold before there could be economic expansion. He points out that we are in virtually the same position today internationally and that sooner or later we have to take steps in that regard in establishing the international monetary fund or a similar international body as, in effect, an international central bank enabled to create credit for the development of the undeveloped areas, and also in order to enable developed countries to avoid the recurring exchange crises which the present situation always imposes upon them when expansionary policies are embarked upon. I should like to hear at some time from the government whether they have taken part in any such discussions, whether they have advanced any of these ideas at international gatherings and what their views on this matter are.

I have been criticizing the government's budget, but I do not think that is enough for a member of the house to do. I think we should also present our ideas of what sort of things the budget should have attempted to do and I have attempted in very rough terms to present some projects that we should be understaking in Canada, with their probable costs or possible costs, shall we say. For instance, I understand that the Minister of National Health and Welfare (Miss LaMarsh) has today announced an increase in the old age pension of $10. I would suggest on behalf of this party that this is not going nearly far enough, that there has gone on for long enough in Canada the pathetic picture of people who reach the age of 65, who are forced into retirement by their employers and have five years to wait before they can draw the old age pension. We claim that we shall not be dealing with this problem until we bring the 65 to 69 group under the old age pension at the rate of $75 a month. With the increase granted today there will be a total there of some $500 millions.

Then we have something that has been promised to the people of Canada year after year by successive Liberal governments, and more recently by a Conservative government, and that is a comprehensive national plan of health insurance. It is very difficult to estimate what the cost of such a plan would be. Some estimates run as high as $500 million and suggest that the federal government's share would be some $300 million.

Then we have the question of the municipal loan fund which the government is proposing. I suggest to you, sir, that $400 million spread over three years will have the most minute effect in stimulating the economy and that the amount should be something more in the order of $300 million or $400 million a year, once the municipalities get under way on this project. Then there is the question of the difference in the interest rate on these loans.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

I do not think we have been told what that is to be. Certainly unless the government is going to shoulder quite a bit of the cost of the interest rate the municipalities are not going to be in a position to borrow from the fund, as the government apparently hopes they are going to do.

I suggest to you. Mr. Speaker, that these suggestions for very great increases of governmental expenditure, with their consequent deficits, are in no way out of line with the experience of countries which are at least as progressive as Canada and which are at least as economically efficient as Canada, and that we should be considering taking a leaf out of their books. I mentioned earlier and I repeat now that in Sweden there has been for many years a deficit carried by the government of anything up to 3 per cent of their gross national product and that today in a time of full employment in Sweden it is still 2.9 per cent of the Swedish gross national product; whereas the deficit so proudly announced by the minister, unless he is adding to it today or tomorrow—we do not know and we will never be sure—amounts to some 1.5 per cent of the gross national product. That in itself in my view condemns this government and this budget and, as I said on budget night, "presented as a means of stimulating the economy, it is nothing but a fraud".

I would beg the government and hon. members in all parties not to be frightened by the sort of suggestions I have made, with their large deficits perhaps running up into billion and a half figures, because these are the sort of figures that progressive countries are now adopting. I would remind you, sir, that without blinking an eye we are prepared to spend very much more than that on defences which so far have proved rather dubious.

These things will not, of course, solve our problems permanently. We in this group do not think they can be solved permanently within the terms of our present economy but they will give it a breathing spell in order to lay the groundwork for those sweeping social and economic changes which are obviously on the horizon. With the ever more collective world of which the eloquent and charming lady member for Northumberland spoke in the first speech to this twenty sixth parliament—

Mr. Speaker: Order. I regret to interrupt the hon. member but his time is up.

Mr. Cameron (Nanaimo-Cowichan-The Islands): May I have a couple of minutes?

Mr. Pickersgill: Is the hon. gentleman proposing to move any motion? If so he would have another ten minutes.

Mr. Cameron (Nanaimo-Cowichan-The Islands): No, I am not. I will only be a couple of minutes.

Mr. Douglas: He has only two or three sentences.

Mr. Pickersgill: Could we have agreement to allow the hon. gentleman to finish?

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Cameron (Nanaimo-Cowichan-The Islands): As I was saying, in the ever increasingly collective world referred to by the lady member for Northumberland these proposals I am making, while not a permanent solution, would give us a breathing spell to make the adjustments that are going to be required of us in the very near future. Finally, Mr. Speaker, let me say that as a Canadian, as one who has lived nearly all his life in Canada, as one whose children and grandchildren have been born here, it affords me no pleasure to see the government of my country in such hopeless disarray as it is today. I would conclude as my final word to the government on this occasion: For heaven's sake, pull yourselves together. We cannot afford any more of these follies, any more of these ineptitudes, because all the rest of we Canadians have to cringe along with you at the ridiculous spectacle you are presenting to the rest of the world.

Mr. Speaker: It being five o'clock the house will proceed to private members' business as listed on today's order paper, namely, private bills.

PRIVATE BILLS

STANDARD TRUST COMPANY

The house resumed from Tuesday, June 18, consideration of the motion of Mr. Wahn for the second reading of Bill No. S-13, to incorporate Standard Trust Company.

Mr. Speaker: The hon. member for Kootenay West.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, here is one occasion when you are inviting me to speak, after dampening me down a bit this afternoon. When debate on this bill ceased last Tuesday I had suggested that it was not good enough for the hon. member for St. Paul's (Mr. Wahn) to introduce the bill and then say he would answer questions, which I understand is all he did. I am looking around to see if I can locate him in the house. I do not see him, but I wish to say it is our view that we are entitled to a full explanation and history of the development of this company, since a similar type of bill was introduced some time ago and we should now like to know the need for this new bill.

We want some assurance that this company will be Canadian controlled, and this is in line with our party policy.

Since the sponsor is absent it is rather difficult for me to raise certain questions I intended to raise, and so because of his absence I would at this point conclude my remarks.

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

Some hon. Members: Agreed.

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

COASTAL FISHERIES PROTECTION ACT

PROVISION FOR EXTENSION OF FISHING ZONES

Mr. Barry Mather (New Westminster) moved the second reading of Bill No. C-11, to amend the Coastal Fisheries Protection Act (twelve mile fishing zone).

He said: Mr. Speaker, the purpose of this bill is to extend the present three mile fishing limit to 12 miles off our shores. It would also provide a year for negotiations to that end. I hope for its passage today, or at least for its referral to committee where it might be discussed in line with other pending legislation of a similar nature.

I am very well aware of the fact that the government has announced its intention of introducing legislation to establish the 12-mile limit, and I have earlier congratulated the government on that intention. However, I have left my bill on the order paper because I am not yet just sure what kind of 12-mile limit the government has in mind, and I am not sure whether the government knows exactly itself. It may be, that, as in some other departments, there are changes to be made, or that the policy is not quite clear on that point.

Another reason for leaving the bill on the order paper is because I think it affords a timely example of how the passage of time enables the administration to catch up with the policies of the party I represent, because this bill was introduced last session and also in the session of 1961. In both sessions it either failed to reach second reading or was talked out. However, it is still here today, and the bill states clearly what it means. It represents the views of the great bulk of the fishing industry, particularly in the Pacific area with which I am most familiar, and it would give those rights to Canadian fishermen which fishermen in so many other countries enjoy.

It calls for:

—a declaration by the Queen in parliament that Canada within those twelve marine miles seaward of her coasts has, to the sole use and benefit of her nationals, the right to fish exclusive of all others: as well as an affirmation of Canada's obligation to protect and conserve the live resources of those seas to that same end.

The bill would repeal section 2(b) of the Coastal Fisheries Protection Act and substitute the following therefor:

(b) 'Canadian territorial waters' means a fishing zone extending seaward to a limit twelve nautical miles from the baseline from which the breadth of the territorial seas of Canada are measured headland to headland and includes inland waters of Canada.

The bill is in geographical line with the stand taken by the Fisheries Council of Canada and such organizations as the united fishermen and allied workers' union of B.C. It represents the feeling of the great bulk of the fishing industry on both coasts.

The fisheries council, for instance, presses for the 12 mile limit and also proposes the straight headland to headland baseline which would enclose national waters. In the Pacific this baseline would go from headland to headland along the west side of Vancouver island and the Queen Charlotte islands, and the 12-mile exclusive area would extend seaward from that line. In the Atlantic it would connect at the international boundary and enclose the bay of Fundy and gulf of St. Lawrence.

It may be worthy of note that a special committee of the B.C. legislature has endorsed the 12-mile limit, and has urged also that Canada take unilateral action, if necessary, to establish the baseline and declare exclusive fishing rights for a distance of 12 miles from this baseline, and "be prepared to enforce such measures".

In other parts of the world the 12-mile limit for territorial waters has been established by Iceland, Norway and Russia since the 1960 Geenva conference. Denmark has set the 12-mile limit around Greenland, and Iceland has successfully established her 12-mile zone even against active opposition. I think, Mr. Speaker, that Canada, like so many other countries, should now take the perfectly reasonable step of staking out her 12-mile limit and offering time to others to negotiate to that end. Over 50 countries have now established their fishing limits and one country, Peru, has actually established a fishing zone of 200 miles exclusive to itself.

However, I think that with respect to allowing the United States to continue to fish inside the 12-mile limit in the Pacific we had better understand at once that it is almost solely the United States who fishes there now. There will be little change in the betterment of our Canadian fisheries industry if there is to be no change in who fishes in that zone. We look to the government, if it proceeds with the 12-mile legislation or brings forward other similar proposals, to do so upon the basis of putting Canada's interests first. We have no desire to injure our United States friends or their fishing interests, but we believe it is a reasonable proposition that Canada should establish her own rights and limits and be willing to negotiate to keep them. We can undertake to respect the 12-mile fishing limits of other lands on the basis of their respecting ours.

Mr. Speaker, Canada needs to have the reasonable protection this bill can provide. On the east coast the large Canadian trawlers are by law kept 12-miles out so as not to destroy the inshore nursery grounds with their heavy trawls. Big trawlers of numerous nations, however, fish right up to our three-mile limit and on occasion have had the gall to call up the Canadian patrol boats upon seeing Canadian trawlers fishing closer than 12 miles and have asked that they be arrested. The bill before us also follows along the line of the former administration's ideas as expressed in the proposal of the Canadian government at the end of 1959 by the then secretary of state for external affairs at the United Nations conference on the law of the sea. We agreed with the position taken by the government at that time, but we did not agree with their failure or inability to bring about the establishment of this 12-mile zone. The present government, as I understand it from what has been announced, has decided upon the establishment and adoption of the principle of the 12-mile limit and has probably worked out some details for putting this decision into legislative form. So that in the view of those in this party, the former administration and the present government we have a very large measure of agreement in the house on the need for such legislation. I think this agreement is shared particularly by all hon. members from British Columbia, no matter to what party they belong.

I think we should realize, however, that the mere establishment of this zone will not solve our fisheries problems. British Columbia salmon, for instance, are caught as far as 1,000 miles from shore; sometimes they are found 2,000 miles out from their home in the Fraser river area. The 12-mile limit will assist in conservation but it will do little to improve Canadian salmon harvesting. But bottom fish will be protected by the 12-mile zone, and this will certainly be a benefit to Canada.

In conclusion, Mr. Speaker, I personally am very much impressed by the views of Senator Reid who comes from my own constituency

of New Westminster. He is an authority of many years and has a great deal of knowledge on this question. He has stated that in the protection of our fisheries Canada cannot ignore Russia. Russia has large and efficient floating cannery fleets heading down the Pacific coast which are much more modern than our own fishing units. They are not doing anything illegal but they interfere with our nets. This is a problem for us because of the present lack of efficient or effective regulations to control them. This also applies to Japan. If the United States, Japan and Canada are to come to some agreement regarding their share of the conservation and harvesting of the Pacific fisheries they must, in my opinion, bring Russia into such an agreement and make her subject to the over-all Pacific fishery regulations. Our fisheries could be put in a very grave situation, whether or not we establish a 12-mile limit, if Japan drops out of the Pacific agreement, because she may well ask why she should hold her hand while Russia does not.

The situation in the Pacific is that of a pool of water in which four people are fishing, three of them under some form of co-operative agreement and the fourth is not. This produces an embarrassing situation and makes it most difficult to proceed with any advantage, whether or not we obtain a 12-mile fishing limit, although this would certainly remove some part of the problem.

In conclusion, Mr. Speaker, I would like to put on the record, so we may get a proper perspective of the matter, the fishing catches of the major Pacific fishing nations for 1961. These figures are in metric tons, which are 240 pounds more than our own. We find, for example, that in 1961 Japan caught 6,711,000 tons; the U.S.S.R., 3,250,000; the United States, 2,874,000; and Canada, 1,000,400. I would urge all hon. members to support this measure, which I think is timely. If it should not be approved, I would hope that at least it might be referred to the appropriate committee for further detailed consideration.

Mr. Ron Basford (Vancouver-Burrard): I wish at this time, Mr. Speaker, to rise in support of the principle of the bill of the hon. member for New Westminster (Mr. Mather). I am somewhat surprised that it has been left on the order paper, in view of the government's declaration of June 4, when the Prime Minister (Mr. Pearson) announced that they had decided to establish a 12-mile limit on a headland to headland basis and would be entering into discussions and negotiations with those countries which have historic or treaty rights in our waters. It was said that we would declare this limit one year from the time of the Prime Minister's announcement. However, the presence of the bill on the order paper will allow for a valuable discussion this afternoon in the house, and in committee, for a careful examination of the whole subject of a 12-mile fishing limit.

I have one small, technical objection to the bill as it is drawn. I have brought this to the attention of the hon. member privately, and I see no difficulty in having it rectified. If hon. members look at section 2(b) of the Coastal Fisheries Protection Act they will see envisaged in that section two methods by which Canada can acquire territorial waters. One is by designation by act of parliament or the governor in council, and the other is in any event those waters contained within three miles of our coasts. The amendment the hon. member proposes strikes out one of those methods that by which we can acquire territorial jurisdiction by act of parliament or declaration of the governor in council. This is a rather small point, but I think it is a very important one. Either now or in the future Canada's sovereignty in certain sections of our far north may be called into question, and I think it should be very clear in our statutes that we are entitled by act of parliament to declare sovereignty and jurisdiction over those areas. No doubt that is something which can be cleared up in committee.

The hon. member for New Westminster made reference to some of the aspects of the fishing industry in British Columbia. I should like to add to those remarks in order that hon. members who are not from the west coast may realize the tremendous importance which the fishing industry is to us. The industry employs some 14,000 independent fishermen. In 1961, the department, as will be shown in its annual report, issued 21,898 commercial fishing licences. About 6,000 plant and packing boat workers are directly dependant on the industry and some 75,000 are indirectly dependant upon it. Production on a five-year average totals some $71.5 million worth of fish, fish products, oil and meal, 60 per cent of which is exported, a most important consideration to the economy of our country.

Our fishing industry operates up and down the whole coast, from the United States border in the south to the Alaska Panhandle and the Bering sea in the north. Many areas in British Columbia are entirely dependant on the fishery. This is particularly true of our Indian population which is scattered up and down the coast in isolated bays and inlets in small communities on reserves. Their well-being is totally dependant on the fish they catch. The cultivation and maintenance of our fishery resources is vitally important to the province, not only because of the economic advantages the industry brings to the country but also because thousands of our

fishermen, their wives and their children, are looking to the resources of the sea for their future livelihood.

The hon. member for New Westminster mentioned that there are several ways of protecting our resources. I am sure many in this chamber are familiar with them. All the work of the Department of Fisheries is connected with the protection of our resources. The establishment of artificial spawning beds, catch limits, restrictions on gear and so on are ways in which this protection is afforded, but the two most important means of protection were those mentioned by the hon. member, namely, the means provided in this act and by the government in its declaration with regard to the establishment of a 12-mile limit to protect our coastal and inshore fisheries, and membership in international agreements to protect our resources on the high seas.

It is important to point out that the provision of a 12-mile limit is not a complete answer to the protection of our resources. Canada in the past has always shown a great willingness to co-operate with other nations in the protection of her resources on the high seas. At the present time we are members of some seven international agreements relative to fishing and the resources of the seas. These are the international Pacific salmon fisheries commission, which deals with sockeye and chum salmon on the Fraser; the international Pacific halibut commission; the international north Pacific fisheries commission; the international commission for the northern Atlantic fisheries; the great lakes fisheries commission; the north Pacific fur seal commission, and the international whaling commission.

It is essential that we should protect our fishery resources by maintaining our membership in these international agreements. This is the only way in which we can protect our resources on the high seas. I say this particularly because there are elements in British Columbia, some of which I think I can properly call irresponsible, which are now pouring scorn on the fact that Canada is a member of some of these agreements and issuing propaganda to the effect that we should pull out of them. If we are to protect our own interests on the high seas we must take all possible steps not only to preserve but to strengthen the terms of these agreements because, without them, foreign fleets could fish right up to our territorial limits.

Mr. Barnett: Would the hon. member permit a question? As he knows, I am one of the members from British Columbia. If I heard the hon. member rightly he said certain interests or organizations in British Columbia were suggesting we should pull out of our international agreements. That remark puzzled me because I am not aware that any such suggestions have been made in British Columbia. I wonder whether the hon. member can be more specific.

Mr. Basford: I can assure the hon. member for Comox-Alberni that I was not referring to any members of this house. I was referring to material which I have received advocating a policy which would, I think, destroy the north Pacific salmon agreement. Certain organizations are advocating a policy which, if adopted by the government, would in my opinion result in the members forsaking this agreement and leaving us without any agreement at all. The importance of this agreement to the west coast fisheries cannot be overemphasized.

As the hon. member for New Westminster said, the salmon is the truly important fish on the west coast. This is a fish which spawns in the rivers, goes down the river as a fingerling and makes its way thousands of miles into the mid-Pacific to grow to full size before returning to the river of its birth. Under the NORPAC agreement our salmon are protected as they go out into the Pacific. To illustrate the importance to British Columbia of maintaining this agreement, I should like to quote briefly from the concluding observations of the fisheries association of British Columbia to the special committee on fisheries of the British Columbia legislative assembly:

> The one salient fact that cannot be ignored, regardless of all emotional appeal designed to arouse a pseudo-nationalistic bravado, is that the north Pacific treaty and the abstention principle is all that is preventing the Japanese from exploiting the fishery resource of British Columbia within three miles of our shores.

To turn now to the bill itself and what it will mean for Canada, may I say that it involves two things. It involves the establishment of a baseline drawn from headland to headland. This means that the line from which we draw the 12-mile limit will not run parallel to the coastline but from one principal head land to the next. This, on the west coast, will mean the inclusion of such huge bodies of water as Queen Charlotte sound, Hecate straits and Dixon entrance.

On the east coast it will include the bay of Fundy and the gulf of St. Lawrence which will be of great benefit in protecting the eastern fisheries. Thus, when we talk of a 12-mile limit, it is important to remember that it is the intention of the government as stated in its declaration on June 4 to establish a territorial limit, to be drawn from headland to headland, for which there are

important precedents, as the hon. member pointed out. There are many nations which have already established their limits according to that principle, following the Anglo-Swedish case in 1951.

There are two ways of declaring a 12-mile limit. It is possible to declare such a limit for all purposes, or a government can establish what is called a divided territorial jurisdiction. Under such a system the limit would, for example, be divided into two distances of six miles each, or it could be divided in a different proportion. The first six miles, say, would be territorial waters for all purposes including defence, pollution, the enforcement of customs regulations, and so on. The additional six miles would be an exclusive fishing zone.

The bill before us provides for a 12-mile fishing or territorial limit for all purposes. I support the six by six formula by which we would draw our baseline from headland to headland, and from that baseline have a territorial jurisdiction for the first six miles and a fishing zone for the next six miles, giving a total fishing zone of 12 miles. The reason I suggest that the six by six formula would be better is because that was the formula involved in a resolution supported by Canada and the United States at the international conference on the law of the sea which received almost enough, but not quite enough, support to carry. It was sponsored jointly at the second United Nations conference on the law of the sea in 1960 by the United States and Canada. I should like to read the first two paragraphs of the resolution which we sponsored:

> 1. A state is entitled to fix the breadth of its territorial sea up to a maximum of six nautical miles measured from the applicable baseline.
> 2. A state is entitled to establish a fishing zone contiguous to its territorial sea extending to a maximum limit of twelve nautical miles from the baseline from which the breadth of its territorial sea is measured, in which it shall have the same rights in respect to fishing and the exploitations of the living resources of the sea as it has in its territorial sea.

I would support a six by six formula of territorial jurisdiction because it has been widely supported at this international conference. If we adopt that method of measurement those nations, including the United States, which supported our resolution at the international conference are going to have a far more difficult time now opposing Canada's declaration of this 12-mile limit. If they supported us at the international conference I suggest they can hardly oppose us now and say we are not entitled to make this declaration.

In the negotiations which must follow a declaration of a 12-mile limit outlined in the bill before us which comes into force in July 1964, and the Prime Minister (Mr. Pearson) having said the declaration would come into force one year from the date of his announcement, in this interim period we will have to negotiate with the United States and countries which have historic or treaty rights to fish in the additional nine miles area we are now claiming. I understand that on the east coast quite a number of nations are involved. On the west coast only the United States is involved. While our fisheries are possibly threatened by Russian and Japanese fleets, and maybe in years to come by others, at the moment they have acquired no historic or treaty rights in this area. I would urge that in negotiations with the United States we should remember we have always tried to maintain close and friendly relations with them, and it is important to maintain those relations.

One very important aspect of this, Mr. Speaker, if we are going to make a declaration of this sort and tell United States fishermen that they cannot fish in that area, is that it is likely to result in drastic repercussions on our own fishermen. Much of the halibut caught by our fishermen is caught in an area of the Bering sea which conceivably could become United States territory, if they made the same kind of declaration we hope to make. If Canada were to take a very hard line now with the United States, we could end up with our own Canadian fishermen being cut out of much of the Bering sea halibut grounds which they now fish. Therefore in negotiations with the United States we must be careful not to jeopardize the rights of our own fishermen who fish in the Bering sea. In the future the United States may make a declaration similar to this, which would include much of this area off the coast of the Aleutian islands. I think the government now in office—

Mr. Deputy Speaker: Order. I regret interrupting the hon. gentleman, but I must inform him that his time has expired.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, the matter under consideration is one of great interest to my province, and as a matter of fact to all the east coast area. It is a matter on which I have spoken in support on previous occasions. The proposal in the bill to extend fishing limits to 12 miles is one in which, as has been said already, there is a great deal of agreement. Such a proposal is long overdue, because if my reading of history is correct the problem of other nations utilizing our waters began almost as soon as Canada was discovered. In 1497 John Cabot discovered Newfoundland and Canada, and at the same time discovered that the waters of the area were full of fish. He began the real industrial

development of this nation. According to history, two years afterwards not only were the English fishing the area but the Basques, the Portuguese, and others, many of whom have fished there ever since. The problems which were created around the year 1500 have accumulated and multiplied, until it now becomes important to us to decide what we really mean when we say that Canada extends from sea to sea, whether our jurisdiction stops at the sea shore, or does in fact include Canadian territorial waters.

I agree with the sponsor of the bill that we must put Canada's interests first, and in doing that we are only doing our duty. We are not unmindful of the rights of others, but we must be mindful of the fact that the waters of Canada and what they produce are just as much Canadian as the soil of Canada and what it produces. It is unthinkable that the land of Canada should be exploited to the advantage of our competitors and those who are not Canadians. Is it not just as logical for us to assume that the waters of Canada and the fish contained therein belong to Canadians first, and that they should be looked upon as a great Canadian resource? We have not only to recognize this ourselves but to convince others as well.

The 12-mile limit in itself is not a cure-all. But it is a great help, and if it is applied on the baseline principle it will do two things. It will reserve for Canadians sections of waters to fish. At the same time it will contribute substantially toward conservation. Unfortunately that is not an answer in itself. If the 12-mile limit simply followed the contour of the coast and somewhat widened that thin fringe around our coast it would not be effective. If the baseline principle is observed and the line is drawn from headland to headland, waters within 12 miles from the coast would be considered Canadian and would become Canadian. We will have preserved for our fishermen that which is essential, if the fisheries of Canada are to be exploited as they ought to be, if the fishing industry is going to give the fishermen the living it ought to give them and if the productivity of the sea is going to give to Canada the income it ought to give. All these things will be accomplished by the institution of a 12-mile limit which is founded on the baseline principle.

Perhaps nothing is more evident than the fact that our waters are being exploited. Everybody knows it. The three-mile limit gives too narrow a fringe around the coast. It can easily be infringed upon over night, and often it is. It is a known fact that during the night ships do move inside the three-mile limit. Such a narrow strip of water is very difficult to police. Despite the fact that the declaration of the 12-mile limit will mean there will be greater areas to police, it will be easier to protect this greater area of water than it is to protect the three-mile limit.

Figures show that Canada's production of fish is poor, and that in comparison the production of fish by other nations is rather alarming. We began the fishing industry in the western hemisphere. We have the wealthiest fishing ground in the world. We have allowed our competitors to take the fish away from us, and what is worse they have taken it away from within sight of our shores. These Canadian waters should be preserved for the use of Canadian fishermen. In my personal opinion the gulf of St. Lawrence ought to be a Canadian sea. I believe the same statement applies to the inland seas formed by the islands of the west coast. These, I believe, are vital to the survival of Canada as a great fishing country. These I believe to be vital, if our fishermen are going to have the use of the productive grounds much longer, because at the present time fish are being taken from within sight of our shores at such a rate that our fishermen will not have a chance to survive.

If our oldest industry goes it will adversely affect many thousands of people directly and indirectly, and will affect all of Canada. As a matter of fact, Mr. Speaker, I have often thought that because our fishing industry is so old it has, like a lot of old industries, accumulated the problems of centuries. We have been inclined not to look upon it in the light in which it ought to be viewed. Although the fishing industry is old, the production of the fishing industry is being used in ever greater amounts every year. Despite the fact that, like other ancient industries, it does have problems that have grown over the years, none of these problems is insurmountable. There is nothing wrong with the fishing industry which cannot be solved. The biggest problem facing the fishing industry is the fact that we look upon these problems as insoluble. However, in reality, we are faced with a group of small problems which, if attacked individually could be solved and the industry could be made much more profitable.

Figures prove, I believe, that there is more salt codfish being consumed today than there was 30 years ago. Salt codfish production is the oldest part of the industry. The fresh fish industry has been expanding rapidly. The problem is not that the world is using too little, although that might well be the case, of the products of the sea, but that we in Canada have not been getting our share of the world market. This is one problem that has to be tackled and it can be tackled

effectively, just as any other problem that affects the fishing industry can be attacked separately and solved.

Keeping in mind the existence of other problems, this is one that is basic, the establishment of a 12-mile limit founded on the baseline principle. This is necessary if we are going to reserve for Canadian use the sections of water along our coast which are highly productive of fish, waters which can be utilized by our fishermen in order that they may enjoy a better livelihood and make Canada's place in the world markets more secure than it is today.

Mr. A. B. Patterson (Fraser Valley): There are three reasons, Mr. Speaker, why my intervention will be very brief this afternoon. The first is that the Prime Minister (Mr. Pearson) has already announced that the government is going to proclaim this 12-mile limit. The second is that the case has been very ably presented by the hon. member for New Westminster (Mr. Mather) in his address this afternoon. The third reason is that I do not want to be charged with talking out this measure that I believe is of vital importance to us.

However, I do rise at this time to indicate our support for this particular bill. I believe that the principle is very sound and, furthermore, I believe that its necessity has been established without any question. The need has been indicated from two particular points of view: one, the saving of this particular resource for Canadian fishermen and, of course, the Canadian consumer as well; second, the principle of conservation and that representations have been made to the various parties in this house by those associated with the fishing industry. I do not believe anyone would question the importance of these two principles.

Not only have we had the presentation of this bill this afternoon, but we are reminded, of course, of the many other representations that have been made in connection with the establishment of the 12-mile limit. We have, for instance, the presentation that was made by a delegation from the united fishermen and allied workers' union during the last parliament. It was also reinforced by a delegation that was heard just recently and met, I believe, representatives of the various parties in the house. I should like to take one short paragraph from a publication that was issued by the united fishermen and allied workers' union headed, "Urgent appeal for action." Under the heading, "British Columbia fishermen strongly urge decisive action". I find this in paragraph number 4:

> Declaration of a 12-mile territorial waters limit by the Canadian government. Our waters would extend 12 miles outside of a "headland to headland" baseline drawn in such manner as to include the waters of Queen Charlotte sound, Hecate strait and Dixon entrance.

We also have a reference to this matter in a communication to the minister of fisheries under the former government from the amalgamated conservation society, which is made up of 12 associations and organizations. Paragraph 3 of their letter states:

> The law of the sea conference held at Geneva in 1960 found Canada's proposed 12-mile limit defeated by only one vote. An acceptable agreement for a 12-mile limit had been worked out beforehand between the United States and Canada, why did these two nations not ratify an agreement on the 12-mile limit between themselves? Smaller nations in order to conserve their fisheries were forced to establish such a limit which they have enforced and for which they are to be commended.

Reference has also been made today to the report submitted by the special committee appointed by the British Columbia legislature to inquire into certain matters affecting the commercial fishing industry in British Columbia. I should like to read a paragraph from this report presented on March 26, 1963.

> Your committee also noted basic agreement by all segments of the industry with the pressing need to amend the now obsolete three-mile limitation of Canada's territorial waters. All submissions advocated a straight baseline drawn from headland to headland of British Columbia's outer coastline, and to provide protection for Canadian fisheries for a distance of 12 miles to seaward in support of the arguments offered. As a result thereof your committee further recommends that another resolution containing this request be forwarded to the government of Canada, as follows:
>
> Whereas precedent exists whereby nations have established the width of their territorial seas; and
>
> Whereas the present 3-mile limit is inadequate for the protection of Canadian fisheries;
>
> Therefore be it resolved, that Canada take unilateral action to establish a headland to headland baseline along its outer coastal shoreline as recommended jointly by Canada and the United States of America at the 1960 United Nations conference on the law of the sea; and
>
> Be it further resolved, that Canada, while recognizing reciprocal fishing rights with the United States of America, declare exclusive fishing rights for a distance of 12 miles to seaward of that baseline; and
>
> Be it further resolved, that upon such declaration, Canada be prepared to enforce such measures.

I think that these statements from the various organizations and from the British Columbia legislature point up the necessity of action on the particular bill that has been presented by the hon. member for New Westminster (Mr. Mather). There is reference, of course, to historic rights, but I would suggest that we cannot allow our Canadian resources to be depleted or destroyed, nor can we deprive Canadian fishermen of their rightful first claim to those resources. As has been pointed out, and I mentioned this previously, from the two points of view of conserving our resources

for Canadians and also conserving fishery resources as a whole I believe that this action is very essential.

We appreciated the reference in the speech from the throne to the effect that a fisheries program for Canada was going to be worked out in co-operation with the provinces. I do not know just how far this is going to go, but perhaps it will have some effect and influence on this particular matter.

Once again I would remind the house that representations have been made to the effect that the committee on marine and fisheries should be set up and all these matters referred to it for consideration. I do not know just when that committee is going to be established or when it is going to have its first meeting. However, in view of all these problems, including the one mentioned today, I believe it is absolutely essential that the fishermen and those who are concerned have ample opportunity to make their representations to that committee and to the house. Therefore I am happy to speak in support of the principle of the bill that is now before us.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, unlike the hon. member for Fraser Valley (Mr. Patterson) I have no fears at all about being found on my feet at six o'clock speaking on this bill, because the house has already been given a clear indication by the Prime Minister (Mr. Pearson) that the question of a 12-mile limit is under advisement, that talks have already taken place between the Prime Minister and the President of the United States and that Canada is moving rapidly in that direction. Therefore, while all of us in the house are in agreement in respect of the main principle of the bill of the hon. member for New Westminster (Mr. Mather) his bill is to a certain extent redundant, however much it may provide an opportunity to the house to discuss a measure of the utmost importance to Canada.

On that score I might remind my hon. friend of the statement made by the Prime Minister in respect of a 12-mile limit, as found on page 621 of *Hansard* for June 4. In concluding his statement he said:

> It may be recalled that in my discussions with President Kennedy at Hyannis Port I informed him that the Canadian government would shortly be taking decisions to establish a 12-mile fishing zone. The president reserved the longstanding American position in support of the 3-mile limit. He also called attention to the "historic" and treaty fishing rights of the U.S.A., and I assured him that these rights would be taken into account. Discussions will be held with the United States with a view to determining the nature and extent of the U.S.A. rights and interests which may be affected by the action which Canada is taking. Discussions will also be opened as soon as possible with other countries affected, and it is our hope and belief that we will be able to reach agreement with such countries on mutually satisfactory arrangements.

[Mr. Patterson.]

I think that to proceed in this way with regard to the rights of a neighbour to whom we are exporters of fish is the correct manner in which to proceed in relation to a 12-mile limit for our own fisheries on the Atlantic and Pacific coasts.

(Translation):

Mr. Deputy Speaker: It being six o'clock and the hour appointed for the consideration of private members' business having expired, I do now leave the chair.

At six o'clock the house took recess.

(Text):

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Walter L. Gordon (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. Nowlan.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I am always very happy to follow my great friend, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) although I cannot say I can rise to the heights of oratory which he did this afternoon. He mentioned in his opening remarks that he did not believe one should kick anyone when he is down. I think he was referring to the Minister of Finance (Mr. Gordon), but I do not think there is any question in the minister's mind that he is down in any way.

However, there is a different atmosphere in the House of Commons tonight from the one which prevailed on the evening of June 13 when the minister brought down his budget. On that evening the minister breathed an air of confidence. Looking at the minister I was reminded of a new actor performing in the theatre for the first time. He thought he was good. Many of us felt he looked good. However, I am sure he did not appreciate that by Friday, through his actions in presenting the budget, the manner in which he presented it, the general tone, and above all through what it contained, that a storm would break out in the House of Commons and throughout the country as a whole.

I could not help thinking then, as I do now, of the occasion when I heard the minister speak as a minister of the crown in this parliament for the first time, when he was asked a question with reference to one fact—and that fact was practically the whole

issue in the 1962 election—as to whether he was going to keep the dollar pegged at 92½ cents. In his reply to the interrogator, he said that you never ask a question about the Canadian dollar, because you may break confidence in it not only inside Canada but outside.

I said in my opening remarks a few moments ago that the main issue in the 1962 campaign was the pegged 92½ cent dollar. There are newspaper records full of evidence that the Prime Minister of Canada (Mr. Pearson) and no doubt his colleagues and associates, went across the country warning people that when the Conservative government pegged the dollar at 92½ cents it would mean a higher cost of living to Canadians and less profits to all primary producers in the country, including farmers, manufacturers and others.

I have in my hand tonight a clipping which I saved of a report of the first time the then leader of the opposition, now the Prime Minister, spoke in reference to this particular problem. This was on May 22, 1962. The headline in *The Albertan,* the Calgary morning paper, was this, "Pearson fears big price rise result of devaluation."

The facts, of course, are very clear. There was only a very small increase in the cost of living and it meant more money to all primary producers of the country, not only farmers and manufacturers but to those engaged in all enterprises. Those facts can be borne out now by the record which has been listed by the Conservative financial critic, the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). Of course we could ask tonight: who told the truth in that election; or putting it mildly, who was right? Time heals a lot of wounds meaning political wounds, but time in politics sits in judgment as to who told the truth or who was right.

In 1962 the economy in Canada had a tremendous upsurge. There was a growth in gross national product of 8 per cent, and even taking into account, as the hon. member for Digby-Annapolis-Kings said the other day, a slight increase in the cost of living, the gross national product increased more than 6¾ per cent. There was a big boom in the tourist industry. Canada had never seen the like of it before in the tourist trade. I represent the riding of Bow River, Mr. Speaker. I say it is the most beautiful riding in Canada. It has in it, Banff national park, and all my constituents in Banff enjoyed that tourist expansion which took place as a direct result of economic factors and measures implemented by the previous government. I will say this, that the new Liberal government inherited a great legacy from the Conservatives. They inherited an economic boom in Canada. Compare that to what we inherited, the legacy in 1957 of unemployment rampant and low gross national product, and you will see that what the Ottawa *Journal* said recently is correct, that the house was in good order when the Liberals took over.

Against this background no wonder the Minister of Finance was confident. No wonder he said there was a new air of confidence in the country. I have always believed, and I am sure all hon. members would agree, that the Minister of Finance is a man of integrity; but I cannot believe he was serious when he said in his introductory remarks delivering the budget that this confidence was a result of the new government that had just taken over. If he was serious on that occasion, then I cannot believe, with the new atmosphere tonight that he is as serious now.

However, since his theatrical performance on the night that he delivered the budget, a storm has broken out. It has been brought about because the Minister of Finance has been grievously in error on two counts. On the first count, there is a cloud of suspicion around the whole budget because of the manner in which it was drafted, drawn and prepared, and on the second account because of the contents of the budget itself. Never since I became a member of the House of Commons in 1958 have I received so many telegrams and letters complaining about the new taxation which the minister is placing on building materials. This was to be the budget to conquer and master unemployment, but I make a prediction tonight that when the budget is fully felt by the economy of the country, there will be more unemployment than there was at any time between the years 1958 and 1962.

I have mentioned suspicion and the manner in which the budget was drawn. I want to refer to this because hon. members of the opposition had some difficulty in getting out of the Minister of Finance the fact that he actually brought in three ghost writers, outside of government officials, to draw and draft the budget. Let us take a look at some of the questions asked on orders of the day before he made his famous statement at five o'clock on the afternoon of June 14 after talking to the captain of the Liberal ship, the hon. member for Bonavista-Twillingate (Mr. Pickersgill).

The hon. member for Winnipeg South Centre (Mr. Churchill) put this question:

> Mr. Speaker, I should like to ask a question of the Minister of Finance. Did the outside consultants who conferred with him with regard to the budget take an oath of secrecy during the course of the proceedings?

Mr. Gordon: Mr. Speaker, everyone who assisted me with the preparation of the budget took the oath of secrecy.

He did not answer the question unequivocally. He did not come clean with the facts at that time until he was pressed further by other hon. members of the opposition. The hon. member for Parry Sound-Muskoka (Mr. Aiken) then asked this:

Mr. Speaker, I should like to ask the Minister of Finance whether there were persons who left his office prior to six o'clock last night with knowledge of the budget contents?

Mr. Gordon: I left my office before six o'clock last night and I was fully familiar with the budget, Mr. Speaker.

Then the leader of the New Democratic party said:

Mr. Speaker, may I ask the minister if persons other than the officials of his department participated in the preparation of last night's budget?

Mr. Gordon: Yes, Mr. Speaker; various officials of various departments participated—

But he did not say at that time that three consultants were brought in, outside of government officials. Then there was a question by the hon. member for Pontiac-Temiscamingue (Mr. Martineau). I do not know if I would have put the question at that time because it was such that if he had got the opposite answer it would not have been such a good answer, because it was such a direct question; but I admire the hon. member for Pontiac-Temiscamingue who put the question to the minister and finally put his finger on the problem we are now debating:

I should like to ask the Minister of Finance if any of the outside persons who advised him on budget matters were informed in advance of any of the contents of the budget?

Mr. Gordon: I do not think I can say any more.

He wanted to remain silent, but he did not remain silent too long because he knew then there was a storm brewing, not only in the House of Commons and across the country, but in the ranks who form the front of his party. Then the Secretary of State (Mr. Pickersgill) said to the Minister of Finance, "I think under the circumstances, with this type of interrogation, you must make a clean breast of the situation".

Mr. Pickersgill: Is that mind reading?

Mr. Martineau: Crystal gazing.

Mr. Woolliams: I do not know whether it is mind reading or even crystal gazing that the Secretary of State often practises. I would ask these questions, and these are the questions we wanted answered at that time. Who were these people? What are their connections? What special interests do they represent? Like other previous speakers in reference to this matter, I want to make it quite clear that nothing I say in this regard means that I am at this time, from the facts that are before us, suggesting that any of these men are not men of integrity, nor am I making any reflection on the integrity of the Minister of Finance. But facts are facts and the Canadian people are entitled to know how and in what manner this partisan document known as the budget is put together. Who were these people? What firms were they connected with? There was Dr. M. P. O'Connell, of Harris and Partners in Toronto, chartered accountants; there was Mr. G. A. Conway, a chartered accountant from Toronto, and Mr. D. C. H. Stanley of Wood, Gundy and Company. Two of these people are agents, employees, connected with, or owners or shareholders of the companies in question. These are two large financial institutions in the city of Toronto. After further interrogation it was suggested that these men had taken an oath of secrecy. Then there was a question as to whether or not there was an order in council. The hon. member for Winnipeg North Centre (Mr. Knowles) said he had checked and there was no order in council. Then we had the Prime Minister (Mr. Pearson) saying, "Oh, well, it was not an order in council after all. We used a special act. They were actually hired by contract", like you buy and sell property. These are some of the things we want to find out. I suggest, first of all, that we should have a select committee composed of hon. members of this House of Commons. All the people connected with this matter should be brought before that committee, under oath, to give evidence. In this way we could determine the facts and this house would be in a position to come to a decision and pass judgment.

I ask this question: What precedent exists in reference to conduct such as having outsiders prepare the budget, such as having ghost writers prepare the budget? At first one was prone to ask: What is wrong with getting outside help? In fact, some of the newspapers asked this question. It was also asked: What is wrong with getting the most experienced brains to assist in the preparation of the budget? I think the Minister of Finance asked that himself. On the face of it there would appear to be nothing wrong; but what does precedent say about this, and what is the principle behind this precedent? The answer is clear in this regard, for it is based on a very sound principle and tradition, which is that the contents of our budget must be kept secret. Any violation of this principle, any indiscretion which might affect and undermine the principle of secrecy has in Great Britain, as well as in other countries which have the same parliamentary

system as our own, brought about the immediate resignation of the minister of finance who might have been guilty of such indiscretion. The principle is a very simple one. It is to avoid evil and the appearance of evil. I would point out also, as some other hon. members have done, that it is the standard procedure in Canadian parliamentary life that no persons other than members of the government and officials of the government shall have any knowledge of what is in the budget.

It must be remembered that these consultants were employed and attached to certain financial institutions which stood to make millions of dollars if they had prior knowledge of what was in the budget, and probably stood to lose millions of dollars if they did not have that knowledge. No one is suggesting—I repeat this—that these outsiders brought in as ghost writers actually informed their employers of the new tax structure as far as its affecting the sale of stocks and bonds was concerned. But to ask these people, these human beings, to carry this kind of load and not to use the information that they have now, and had at the time, when they are transacting business deals, is asking too much of any Canadian or any other person. I say that only supernatural men could be expected to toe the line in that regard, and I do not think anyone would suggest that these men are supernatural. I put this forward as an illustration of my point.

Anyone who has practised law before the bar of justice knows that sometimes in a most serious criminal case, such as murder, inadmissible evidence gets before the jury. The jury hear it and the judge hears it. The judge may advise the jury to overlook what they have heard, but we who are defending these people before the bar of justice profess that it is very difficult to clear one's mind of what one has heard. The jury may draw inferences from the facts, or what they think are inferences, because they had that knowledge deep-seated in their own minds.

There are two interesting precedents as far as secrecy of the budget is concerned. One concerns a cabinet minister in England by the name of the Hon. Mr. Thomas, who was the colonial secretary in 1936. What did he do? He merely remarked something about the price of some commodity, tobacco or tea—

An hon. Member: Beer.

Mr. Woolliams: Well, it was beer. That may be a better commodity. He made some small remark as to the price of this commodity to a Mr. Butt, who was also a member of parliament. Mr. Butt then made some remark to someone else, and there was a leak of the budget contents. What happened? Mr. Thomas resigned in 1936. I repeat, he was the colonial secretary and he resigned because of that indiscretion. I might mention there are some authorities in this connection. There is Keith's book on the British cabinet system, which says that the most fundamental thing in the preparation of the budget is secrecy, to avoid evil and the appearance of evil. I should like to quote from page 89 of this book, Mr. Speaker. It was said by the writer, who was dealing with this question, that even the closest cabinet colleagues should not have absolute knowledge of what is actually in the final draft of the budget; that only the minister of finance should have this knowledge, and the officials of the minister of finance in the government. Then he said this:

> There are clear disadvantages in this procedure—

The Minister of Finance admits that; he said there were some disadvantages in not getting outside help, because apparently he did not feel he had the kind of officials who could do the job:

> —necessary though it may be in the interest of secrecy in so far as the chancellor is allowed to prepare his plans without the valuable aid which is naturally provided by examination by a committee of the cabinet.

In effect, Mr. Speaker, what Keith said in his book was that although, as was pointed out by the present Minister of Finance, there may be some disadvantage in not getting outside help or even help from a special committee of government officials, that disadvantage is overshadowed by the necessity that the facts in connection with the budget must at all times be kept secret, because otherwise individuals stand to enrich themselves, or could enrich themselves at the expense of their fellow men in society. Putting it in more simple terms, why should—and this is what Canadians across the country are asking tonight—three or four Canadians have this information prior to the budget coming down, when 18 million or 20 million Canadians must stand the rap of extra taxation when the budget is brought down? There is the fundamental principle behind the doctrine of secrecy that prevails when the budget is drafted. What happened? Mr. Thomas resigned. I do not know what ramifications may follow in reference to the present Minister of Finance. That is a responsibility he must assume himself and make his own decision on.

Let us for a few moments look at a second illustration. The second interesting resignation to which I refer is in reference to Sir Hugh Dalton. This is discussed fully in his memoirs which are called "High tide and after". These are his memoirs for the period 1945 to 1960. There is a chapter called "My resignation". What did he do? When he left his office

on the night he was going to deliver his budget he spoke to a fellow by the name of John Carvel, who was a correspondent for the *Star*, who was standing in the lobby.

He made a little remark to him in that regard. It was only some passing remark. Then he went to his place to deliver the budget. The next morning, when the cabinet ministers were attending a cabinet meeting, he got a note saying there had been some leakage of the contents of the budget. Immediately, he said he recalled making that statement and although there had been no harm done to the state, because very few newspapers had reached the public before the budget speech was delivered, he felt it was his duty to resign. And he did resign. These are his exact words used in the House of Commons. He said on that occasion in 1947:

> I very much regret to tell the house that the publication to which the hon. member refers arose out of an incident which occurred as I was entering the chamber to make my speech yesterday. In reply to questions put to me by the lobby correspondent of the *Star* newspaper, I indicated to him the subject matter contained in the publication in question. I appreciate that this was a grave indiscretion on my part, for which I offer my deep apologies to the house.

This is the point: No real harm had been done to the state, because no knowledge had leaked out in time for fortunes to be made. But because there had been an appearance of indiscretion, the minister resigned. This was the principle involved. Let us compare those facts with the situation we have before us now in this house. I say again that it is the minister's responsibility; it is his decision. This is what Mr. Dalton said in his letter of resignation:

> My dear Prime Minister,
>
> In view of the incident which was raised today in the house I think it is my duty to offer you my resignation. If you accept it I shall continue, though now outside its ranks, to do my utmost to support the government—

He goes on to say he will continue to support the party. To that letter, the prime minister replied, expressing again the same old tradition in succinct words in the second paragraph:

> I realize that this indiscretion in itself did not result in any action detrimental to the state, but the principle of the inviolability of the budget is of the highest importance and the discretion of the Chancellor of the Exchequer, who necessarily receives many confidential communications, must be beyond question.

Those were the feelings of the prime minister about the matter. Sir Winston Churchill had this to say:

> In the circumstances we all regret that you have to resign but I must acknowledge with frankness that because of the indiscretion there was no alternative.

What was the result? The debate on the budget proceeded but a select committee was set up to inquire into the circumstances of the case. That committee made certain findings as to the facts. What were those findings? They were:

> 1. Mr. Dalton made a premature and unpremeditated disclosure to Mr. Carvel of the contents of his budget, which disclosure he had no right to make.
>
> 2. Mr. Dalton did not make his disclosure for premature publication and believed there was no possibility of such publication.
>
> 3. Mr. Carvel disclosed that information to his newspapers in the guise of a forecast, believing at the time that he was at liberty to do so. That belief was mistaken—

The report goes on to point out that no harm had been done to the state but that there had been an indiscretion.

I say, briefly, this: who are these people? What are the backgrounds of these people whose advice he sought? I say the minister has not only done harm to the economy of the country, he has not only upset confidence in financial circles but he has undermined his own people, because Mr. Harris is the majority owner of a millionaire company called Harris and Partners Ltd. I say the hon. gentleman is undermining the position of the Prime Minister himself. For who is Mr. Harris? He is married to a lady called Ethel Bowles who is first cousin to the Prime Minister. That is the spot on which the hon. gentleman has put his own leader. That is the spot on which he has put his own government. I say that the indiscretion here is far greater than anything that happened in the cases of Thomas and Dalton.

I could say the same about the expert who came from Wood, Gundy and Company. The basis for success in the government bond business is the ability to predict with some accuracy the future decisions of the government, because they affect tremendously the market. In making this statement nobody is implying dishonesty—

Some hon. Members: Oh, oh.

Mr. Woolliams: I hear hon. members saying "Oh". Well, if they have other evidence let them come forward and tell the House of Commons. As I said, in making this statement no one is implying any dishonesty, but everything about these facts is contrary to traditions of budget secrecy here in Canada, as well as in the old country. The worst part is that whatever steps the government may take in the future, long after these experts have returned to advise their own firms, the suspicion always will be present in the public mind that both those firms have benefited.

I say that the indiscretion which has taken place in this case is the type of indiscretion

which should be examined by a select committee of the House of Commons where we could question witnesses and find out the facts. Members of the House of Commons are entitled to these facts. The people of Canada are entitled to them, because there has been some indiscretion.

Now I wish to deal with the contents of the budget itself.

Some hon. Members: No.

Mr. Woolliams: Well, I said I would be indicting the government and the minister on two counts. This is the second. Let me draw attention to what the building contractors have to say about these proposals. The government told us it was going to create employment. It was going to cure unemployment. That was the major problem, and the government intended to solve it. Well, this is what they have been saying in the city of Calgary:

> Hard to believe that the new budget re sales tax on building materials can be of any use to our construction industry. It will create at least a 27 per cent drop in starts this year.

This is how this government intends to cure unemployment.

Mr. Horner (Acadia): Right across Canada the same.

Mr. Woolliams: That telegram was from one of the officers of the building trade. One of the ministers—I think it was the Minister of Labour (Mr. MacEachen)—said: We are going to be very gracious; we are going to pay upwards of $75 a month in certain circumstances. The hon. gentleman himself said the government intended to give everybody $500, who wished to build a house. But take ten per cent of $15,000, which is the average price of a new bungalow today. Make that calculation and hon. members will find the government has taken away $1,500. That is $1,000 benefit to the Department of National Revenue. And this is the kind of budget which was intended to help cure unemployment.

I said at the beginning that this government got to office not as a result of the last election but because of the fraud they perpetrated across the country on the issue of the pegging of the dollar and on the question of unemployment, as well as on account of another question which they added during the last campaign. We said: Canada for Canadians. We said: Canada should own its own industry. When we came forward with a program along those lines and took some imaginative steps in that regard, what did they say, those people who now sit on the government benches? They said: Anti-American. Well, they have learned now, the Americans, to beware of gifts and, sometimes of friends who offer gifts. This budget is going to do more to destroy investment from foreign lands than any which has been brought to this house in the last 15 years.

An hon. Member: What about our image abroad now?

Mr. Woolliams: Yes, that was the big thing. The Minister of National Defence (Mr. Hellyer) said we had lost our image abroad. What about that image, now? In West Germany they rushed to the stock markets to unload Canadian stock yesterday. There were sales all over Europe and the United States. There were very few sales in Canada until—

Mr. Deputy Speaker: Order. I regret I must interrupt the hon. gentleman but I must advise him his time has expired.

Mr. Woolliams: I should like to finish that last sentence.

Some hon. Members: No.

Mr. Deputy Speaker: The hon. member's time has expired and he can continue only with unanimous consent of the house.

Some hon. Members: Closure.

Mr. Deputy Speaker: I distinctly heard a number of nays.

Mr. Horner (Acadia): They did not like what they heard.

Mr. Jack Davis (Parliamentary Secretary to Prime Minister): Mr. Speaker, those of us who are new members in this house I know are dismayed by the cynical attitude which some hon. members take toward the basic integrity and intelligence of other hon. members of the house. We have guilt by association. There is a fundamental lack of courtesy in recognizing that a man should not be judged guilty till he is proven guilty. We seem to lack the basic manners which the public at large expect of Canadians living together, and living democratically one with the other. I think epithets like "rogue" and "fool" are wrong and beneath the dignity not only of parliament but of the hon. members of parliament.

We are here tonight to discuss the budget and we have heard very little about the budget. We need to discuss the details, but before doing so we should have before us the findings of a national economic council, one which would show us basically where we have been and where we are going. We lack a good deal of that information now. We need to be able to agree on the facts, and having agreed on the facts we can then argue about the policies which we should adopt in order to correct the trends we see ahead of us.

In recent years we have had some wide swings in production and employment. We had in the late 40's and early 50's a very fortunate set of circumstances for this country. Our competitors abroad had been damaged by war. We did not have to compete as effectively then as we do now for our markets at home and elsewhere. We also had looking to this country, investors who were interested in raw materials for the industries, not only of the United States, but overseas. We had a tremendous amount of capital flowing into this country and it created a good deal of excess capacity. This excess capacity resulted in a slow down in investment in industry in the late 50's. Now we are witnessing some sort of upturn, perhaps towards a more normal state of affairs, but we are still investing only in the order of 22 per cent of our total output in new plant, equipment, buildings, homes and so on. A few years ago, in the middle 50's, this figure was more like 27 per cent. This is one of the fundamental reasons why employment has sagged in recent years and why unemployment will continue to be one of the most difficult problems we face in the years immediately ahead. Accompanying this sag in employment has been a drop in investment in industry. Industry which formerly invested as much as 17 per cent of our gross national product is down around 13 per cent.

The investment trends, particularly in respect of foreign ownership, are very important, and I should like to outline a few of them. Foreign ownership and control is a matter of great concern to those of us Canadians concerned with our survival as an independent political entity north of the 49th parallel. Here are some figures which come from an indisputable source, the dominion bureau of statistics. Direct foreign financing of our gross capital formation in this country rose from 19 per cent in the late 40's to 25 per cent in the early 50's, and has gone on to about 33 per cent in the late 50's. In other words, the participation of foreign investors in the growth of this country, in the installation of new plant and equipment, has been growing. It was large in the 40's, growing in the early 50's and has been increasing steadily ever since. We have witnessed in parallel an increasing foreign ownership of our manufacturing, mining and other basic industries. It has risen from the order of 55 per cent foreign ownership in 1944 to 61 per cent in 1957 and on to 63 per cent in 1959. I would venture to guess that perhaps two-thirds of the ownership and control of the industry of this country is now in the hands of people who do not normally reside within our borders. In other words, they own the most dynamic elements of our economy and the total amount of this ownership is in the vicinity of $25 billion. This is their book value.

If the assets were put on the auction block tomorrow they would undoubtedly fetch prices considerably in excess of this figure, perhaps $30 million, or more. This figure is in the order of magnitude of the total personal income of this country. In other words, every one of us would have to work for a year to buy out this foreign ownership. It is equal to something like $1,300 for every man, woman and child in the country, or more than $4,000 for every wage earner or salary earner in Canada. Obviously it will take us a long time to save up enough to buy out the foreigner, if we had the desire so to do. We have to set aside something in the order of $250 per year per wage earner in order merely to pay a reasonable rate of return on that investment, something in the order of 5 or 6 per cent. Many of these industries are capable of earning a good deal more, and therefore I suggest our annual bill in interest and dividends alone could well be upwards of $250 per person.

The character of this foreign ownership has changed to some degree. In this country it has largely taken a form of equity ownership, ownership which means real control over our destiny. It is not in the form of debt. It is not in the form of bonds, for example. It is not the type of financing done by foreigners in the early growth year of the United States. Even in the years immediately before world war I when the United States was still heavily dependant on the United Kingdom and western Europe, the great majority of the investment consisted of bonds, the fixed debt obligations paying fixed rates of interest and with a fixed life. As the lives of these bonds ended they were retired, and that indebtedness was extinguished.

This is not the type of indebtedness which we have in Canada today. In the last dozen years some 250 Canadian owned firms of substance have been bought out by residents of other countries. This tempo has been increasing. The rate at which these firms have been bought out has been doubled in the last half dozen years, compared to the rate for the previous six years. There has been an acceleration in this trend, and therefore it is a matter of some considerable concern to those Canadians who want to have some say in the destiny of this country, in the ownership of its resources, and more particularly in the management of the basic industrial activities which take place here.

Mr. Martineau: Would the hon. member permit a question?

Mr. Davis: I do not expect to be speaking for the full 30 minutes and would be glad to entertain a question at the end of my remarks. I do not want to infer that these outside investors have in any way been unfriendly to Canada. We have set the laws. We have set the ground rules. We have welcomed them in. They have invested in industries where they expected the industries to grow, where they expected them to pay dividends. We would certainly not be doing ourselves any good to reverse this attitude towards foreign ownership or foreign investment in this country.

However, foreign firms do not always behave precisely as do Canadian-owned firms. For example, while most foreign owned companies make tremendous contributions to every aspect of our life, particularly taxation, a few are not good citizens. One important area where these firms hurt us is in the service area. Insurance agents who have served a company for generations while it was Canadian-owned find the new foreign owner giving all his business to agencies outside the country. It is often found that these firms employ consulting engineers from, for example, a United States firm with whom they are familiar. Understandably they turn to these firms that they know. They turn to foreign firms to carry out market surveys, and foreign firms to do their advertising for them. All of these people are their friends and well known associates in other countries. This is not always to the good of Canada because it means that these foreign owned corporations tend to look abroad for services and for other things which, initially at least, we might expect them to find here in this country.

Then, too, in respect of charitable donations it is frequently found that foreign firms do not behave as Canadian firms do. Agencies which have long been dependant upon support of Canadian firms suddenly find this type of contribution for educational or other charitable purposes is not available for collection here.

The question now arises as to what we do about this situation. We can do nothing and allow the trend to continue towards even greater foreign ownership. Or we can release one of the great driving forces for socialization in this country. Governments, national, provincial or even municipal, could take over some of these activities. This was one of the main driving forces half a century ago, behind the formation of Ontario hydro. It is not exclusively a Canadian attitude towards foreign ownership. But, we have more government ownership and control of some industries because there is no other way to Canadianize industry or ensure that Canadians generally participate in their ownership and operation.

There is a Liberal answer as well to this question. It was foreshadowed by the report of the royal commission on Canada's economic prospects back in 1957. I merely read a summary of the recommendations of that report. It is as follows:

1. Wherever possible, such concerns—

—this is foreign-owned concerns—

—should employ Canadians in senior management and technical positions, should retain Canadian engineering and other professional and service personnel, and should do their purchasing of supplies, materials and equipment in this country;

2. They should publish their financial statements and make full disclosure of the results of their Canadian operations;

3. They should include on their boards of directors a number of independent Canadians and they should sell an appreciable interest in their equity stock to Canadians.

The commissioners said that they had in mind something of the order of 20 per cent to 25 per cent.

I should like to summarize the contents of the present budget which follow, quite logically and consistently from these recommendations of a half dozen years ago. I will itemize several of the most important:

1. A withholding tax, a tax holdback on dividends. This is to be reduced from 15 per cent to 10 per cent for companies which are 25 per cent Canadian-owned. In other words, companies which are at least one quarter owned by Canadians do not have to pay as substantial a tax when the dividends are remitted out of the country as others which have a lesser extent of Canadian ownership.

2. The withholding taxes on dividends to be increased to 20 per cent on January 1, 1965, for companies which are not 25 per cent Canadian-owned.

3. Accelerated depreciation in areas of high unemployment, and only available to companies with at least 25 per cent Canadian ownership.

On the other side of the coin, and this applies to bonds, the withholding tax on interest is removed for non-taxable investors abroad. These are the basic considerations in the present budget.

Now, I should like to move on from foreign ownership and control, which I believe to be one of the principal elements of this budget and certainly an element which addresses itself to fundamental Canadian problems with which we have been living for some time, and about which we have done next to nothing, to certain other details of the budget.

In so far as the budget deficit is concerned, we have not been taxing to the extent

that we have been spending in this country. Our expenditures have, however, risen sharply. They have risen from roughly 26 per cent of our total national output in 1956 to something like 33 per cent currently. We will have, roughly, to match this increase in the proportion of our national wealth that comes back to the government in the form of taxes, or this vast budget deficit which we have continued to live with in recent years will grow with the passage of time. We will cause other people to lose faith in this country, to reduce their investments and cause simultaneously an increase in unemployment and a lack of confidence at home amongst Canadians.

One small item in the budget which I believe goes in the right direction is a reduction in the tax in respect of the export of electric power. This is of interest to me and to my province. I should like to focus on it for a moment. I concentrate on this tax because it is the one last remaining export taxes that is in effect in Canada. It has been in effect since 1925. Roughly speaking it amounted to about 10 per cent of the selling value of the power moving out of this country. It continued to be levied although the power was only circulated in and out of the country, out at one point and in at another, making a balance of the total amount in energy terms. The tax was merely applied to the outgoing amount. We need connections with adjoining areas to reduce the amount with standby capacity. This can account for a tremendous saving, and also could provide additional employment by actually providing power to the neighbouring areas of the United States.

I should like to indicate something of the magnitude of the power industry. Roughly 10 per cent of all the investment in this country, one out of ten of all the dollars that go into new construction goes into power plants and transmission lines. Some $5000 million of these assets exist in Canada today, but roughly $1,000 million worth of these facilities stand idle. We do not need all of this excess capacity to look after breakdowns or emergencies or exceptional upsurges in demand. We could get by with half as much. If we could sell the other half to the United States on a short term basis, this would currently return us something in the order of $50 million. Within six or seven years it could be $100 million. It could be a substantial item going towards balancing our presently unfavourable external account.

One item I hope to see in the budget next year is an extension of the concessions to research and development. Research and development is really the industry of ideas. It is the industry which, on this continent and elsewhere, has been growing far faster than the rest of the economy. It has doubled during the last five or six years. I believe we would do well in this country, because we have very little research, to declare Canada a tax heaven. In other words, the earnings, royalties, the yield on research and development, should be declared, for a substantial period of years at least, income tax free. This would cause firms not only at home but abroad to look upon Canada as a place in which to reduce costs, a place where they would encounter lower costs for research and development, and this would keep many of our own people at home. It would provide jobs for some of our younger people who expect exciting new job opportunities in fields like research which look ahead towards the shape of things to come. It would help us in respect of new products, in respect of cost cutting processes and would not only cause our economy to be better rounded but would also improve the efficiency of the industry we have here.

I think that even more important is the ownership aspect. When men are in a position of knowing what the forward thinking of a company or industry is in the area of research and development they are better able to invest more intelligently in the future of their company or firm. We do very little of this in Canada. We do about one fifth or one sixth as much as do the British and the Americans, and less still compared with West Germany and certain other countries. We must provide this sort of job opportunity for our people, both to give them the satisfaction of working in wonderful industries such as research and development and to improve the efficiency of our economy and to buy back some of the ownership in our own nation.

Finally, I should like to stress again that this budget, as I see it, has faced up to several substantial realities in Canada. One I have highlighted has been ownership and control. I think any other country would do the same. In fact, no other country in the world that I know of has done so little about this nagging and difficult problem of outside investment within their own country and particularly within the most dynamic segments of their industrial make-up.

In this government we are not anti-American and we are not anti-big business or anti-stock market. We are pro-Canadian and we are pro-enterprise, private and public. We are all for Canadians being able to buy more of the stocks in enterprises in this country, whether the majority of ownership is held outside of Canada or here. Confidence, I think, is the real key and Canadians fundamentally are a confident people. They want a little less talk and a little more action. I am sure they

want us here tonight to concentrate on the budget, on fundamental ideas in the budget and to take a positive attitude toward the future by being positive in our criticism and positive in our suggestions as to how to run the financial affairs of the country.

Mr. Martineau: Mr. Speaker, I wonder whether the hon. member would be kind enough to answer a question at this point? As a matter of fact, I have two questions. First of all, does the member believe that the 30 per cent securities tax proposed and then withdrawn by the Minister of Finance is a practical formula for regaining control and ownership of our industry? Second, when he suggested a tax haven for Canada was he speaking on behalf of the government?

Mr. Davis: In respect of the first question, may I say there are undoubtedly many measures which are required and they will have to dovetail together in order to ensure a substantial measure of Canadian ownership and control. I believe that the 30 per cent tax, or something of that type, is one of the essential ingredients necessary in order to arrest at least the substantial swing to foreign ownership and control. In respect of the second question, may I say I have a few ideas of my own. Certainly a budget cannot encompass everything. Research and development happens to be one of my pet enthusiasms and I believe that sooner or later I will be able to convince not only some of the members of this party but also other members of the house that the suggestion I made is a good one.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, yesterday this house was informed that the 60 days of so-called decision are now to be known as the 60 days of revision. The other night, as the Minister of Finance (Mr. Gordon) leaped from point to point like an overweight gazelle in his speech, the house was treated to a budget speech laced with partisan platitudes, a budget speech unprecedented in this house since confederation, I am told. Today hon. members of the party I support in the House of Commons have demanded a committee of inquiry. We are not pointing the finger of accusation but we are saying that because of the unprecedented action taken by the Minister of Finance, suspicion has been cast around the budget.

I believe it was Lord Haldane who said that justice must not only be just but must also seem just. So as a Canadian I say to the minister, in the name of goodness give us this committee of inquiry and show the people of Canada and members of the house his good faith.

There is one special item I want to deal with in the budget which relates to federal-provincial relations. During the election campaign we were told in the province of Quebec that a Liberal government in Ottawa and a Liberal government in Quebec would solve all our problems. Oh, Mr. Speaker, the climate was wonderful in those days in the province of Quebec. The Prime Minister (Mr. Pearson) embraced Mr. Lesage and then Mr. Lesage embraced the Prime Minister.

What have we seen subsequently? We have seen senior members on the treasury benches opposite not even let on that they know of Mr. Lesage or his ultimatum. Within a few short weeks the Minister of Finance (Mr. Gordon) turned his back not only on Mr. Lesage but on all ten provincial premiers in Canada. The Liberals told us in the last election that they were going to sweep French Canada. But now, whoosh, in four paragraphs of the budget address they have swept French Canada under the rug. Sir, this is not a new broom which is sweeping clean. It is not even a new broom that is passing over lightly. It is a broom that is passing over completely.

I am speaking as a Canadian interested in provincial rights. This is not a problem that is concerning Mr. Lesage alone, but one that is concerning all the provincial premiers. The Liberal party created a high degree of expectancy in this area; but now, as I say, in four paragraphs of the budget speech the Minister of Finance has turned his back on the provincial premiers.

I am talking as a Canadian, not as a Conservative and certainly not as a Liberal, when I say that I am most concerned with what is going on between Quebec and Ottawa today. What is going on today between Quebec and Ottawa is the culmination of years and years of Liberal divide and rule policy.

Another item of the budget that interests me is the $500 prize for those who decide to build their houses in winter. How charming this is, Mr. Speaker. The citizen is rewarded for his industry with this sop to his home-loving spirit. He is conscious, of course, that the house is going to cost at least $2,000 more when he has finished paying the taxes on building materials, but no doubt he will touch his forelock in gratitude for the crumb. Let him eat cake is out; let him eat crumbs is in. There is no improvement here for the average Canadian homebuilder.

There is an old Scottish song which goes, "A Gordon for me, a Gordon for me". I am told it is usually sung by a young lass in a kilt. She can have her Gordon, and I think she had better take him back to the bonnie banks and teach him something about banking. I was staggered to hear a minister of the crown, in a speech like the budget sink to what can only be described as sheer, arrogant hop-scotch with the past, and then produce a tired haggis of a budget.

Mr. Dupuis: Sing another song.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, you have recognized the hon. member for Brome-Missisquoi (Mr. Grafftey) and I wonder what right have the hon. members opposite to constantly interrupt him, without your leave?

(Text):

Mr. Grafftey: I am not going into the political gaucherie which the Minister of Finance displayed in getting outside help. Other hon. members of the house have already pointed out to him something he should have learned in childhood. I am not questioning that; but what I am questioning is the fact that when he gets someone else to do his homework for him, in the name of goodness please let him get someone who knows what he is doing.

We have seen the withdrawal of the 30 per cent tax. If the minister had the simple courtesy to consult with officials of the Department of National Revenue it would have become easily and quickly apparent that this measure was impossible to administer. Again I say I am not so much concerned with the fact that he sought outside advice. What I am concerned with is that apparently the advice he got was bad advice.

(Translation):

Mr. Speaker, today I propose to deal with a single aspect of the budget, but, before doing so, I want to call your attention briefly to one or two points which have been raised by several hon. members earlier in the discussion.

First of all, hon. members know that the first and foremost task of the government does not consist in creating or in starting an economic system, but in pursuing the progressive trend which has already been given to this country's economy.

I shall not be presumptuous enough to say that the administration which I have supported for several years in this house has settled all economic problems in Canada. But we should never forget that the present government inherited a house in good order. Most of the basic indices of our economy were rising when the present government took over.

Under our administration, i.e., since 1956, the total increase in our exports of manufactured goods has reached 84.5 per cent. Second, the annual increase in living costs between 1958 and 1961 was 1.1 per cent, which means a smaller rise than in any other country in the world save one.

Those are the basic figures of a sound economic development.

Mr. Speaker, all hon. members will realize that for the welfare of our great young country, Canada, we should settle several problems as soon as possible, and pass legislation thereon. With that in my mind, I sincerely regret, with the whole Canadian people, that the speech the hon. Minister of Finance made before the house last Thursday night had such a partisan flavour. Indeed, his budget speech was one of the most partisan speeches ever made in this house by a minister of finance since confederation. His remarks, as I pointed out a few minutes ago, were full of partisan platitudes.

Once again, the leaders of the Liberal party are thinking that the welfare of their party is more important than the welfare of this country.

Hon. members, the return to power of the party I support in this house will be based on responsibility and principle. We are offering Canada a definite program. We shall not let systematic reflection be cast on the high office of the prime minister in power, nor allow that our country's prestige be diminished here, or abroad.

(Text):

A few moments ago I said that I wanted to discuss one of the principles that is very close to the party I support in the House of Commons. Burke, one of the fathers of Conservative principle, had a high regard for the notion of "local self-agency." In Canada today this merely means that our federation only works when our provinces, cities, towns and municipalities are strong and able to carry out their constitutional responsibilities.

When the party I support in this house came to power in 1957, total federal contributions and payments to all provinces amounted to $689,352,000 for the fiscal year 1956-57. In the year 1962-63, for the same purposes, the figure amounted to $1,794,-061,000. In the fiscal year 1956-57 total grants to the province of Quebec amounted to $177,463,000 while in the fiscal year 1962-63 the amount was $491,608,000 for the same purposes.

I hope, Mr. Speaker, hon. members will excuse me for quoting statistics at such great length, but these figures demonstrate our administration played a positive role in strengthening the position of our provinces from coast to coast. At the same time I fully realize that many problems touching upon federal-provincial affairs remain to be solved. To this end I wish to discuss the federal-provincial relations section of the budget. Hon. members opposite on the treasury

benches are burying their heads in the sand if they do not realize that a healthy confederation and a healthy spirit of biculturalism will only continue if the Minister of Finance understands that the taxing powers of the provinces mean a lot. I am sure he not only got no outside advice in relation to the federal-provincial relations section of his budget, but that he got no advice at all.

It was with great dismay I noticed the apparent lack of understanding by the Minister of Finance of some basic issues which face our people today within the general framework of the question of federal-provincial relations and biculturalism. During the past election campaign the Prime Minister and the premier of Quebec got together. I am not quite sure what they talked about. It must have been about something; and then we were told in Quebec that in order to save confederation all we had to do was elect Liberal governments in Ottawa and Quebec. But, Mr. Speaker, what have we seen since a Liberal government has taken office here in Ottawa? On the one hand they talk of co-operative federalism, while on the other hand their throne speech and plans indicate a degree of centralization unprecedented in the history of Canada. Intricate legislation, such as loans to municipalities, was proposed and, after continued questioning of the ministry, we learned that none of the provinces was consulted in general or specific terms. While provincial premiers speak out for a thorough re-examination of our constitutional approach, the budget clearly demonstrates that unless the federal government acts immediately, and not tomorrow, the provinces will be faced with a *fait accompli* at the next federal-provincial conference whenever it is decided to be held.

Liberal spokesmen have created by their campaign tactics a high degree of expectancy in this house. One program in Quebec, another program in the rest of Canada; they have been at their old game. I suggest that the Minister of Finance (Mr. Gordon) turns around and faces Mr. Lesage and the other ten provincial premiers. After sitting in this house for a number of weeks and after hearing, especially, the budget address, it has become apparent to me and it is my firm belief that the problem of federal-provincial relations and biculturalism has received no serious thought on the part of the present government. New, not old, approaches must be used and many of the problems, sir, cannot wait for the findings of royal commissions. We were criticized, when we were in office, when we set up royal commissions. This government is now setting up a royal commission for one of the most important problems that is facing Canada today. I see the government whip laughing. He would not laugh in his constituency. His constituents are looking for a solution to the problems in the province of Quebec that this Liberal government, this centralizing government, said they would bring about.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): There was not much applause there.

Mr. Grafftey: I am not looking for applause, like the Secretary of State for External Affairs (Mr. Martin). Conservative thinkers fully realize that in a confederation such as Canada, where the federal government has distinct powers and responsibilities, decentralization can be carried too far. We know that the federal treasury is not like a munificent cow with an endless supply of milk. But we all recognize that since confederation the provinces—

Some hon. Members: Oh, oh.

Mr. Grafftey: Hon. members opposite laugh, Mr. Speaker. They do not realize that today the provinces of Canada are looking to them for an answer to this problem. The Secretary of State for External Affairs laughs. I say to him: Laugh in front of your people. That is cynicism not worthy of the minister. While the Minister of Finance turns his back on the provincial premiers, the Secretary of State for External Affairs laughs. But this is the question of saving confederation; it is not a laughing matter.

(Translation):

Mr. Martin in the province of Quebec and Mr. Martin in the province of Ontario.

(Text):

An hon. Member: Laugh that one off.

Mr. Grafftey: Here in Ottawa our basic thinking must change, and within the spirit of co-operative federalism, sir, I wish to make some specific suggestions. The motion—

An hon. Member: Where did you get that phrase?

Mr. Grafftey: It is a phrase that hon. members opposite think they initiated. But the motion of co-operative federalism constitutes by no means a novel approach. The ARDA legislation, initiated by the previous administration, and progress made in the resources field basically involve a high degree and a high notion of co-operative federalism. A similar concept must also involve fiscal relations and, in fact, all federal-provincial relations. If such were the case, no longer would the federal authority propose legislation involving the provinces without prior consultation; no longer would the provincial

and federal governments approach the summit of federal-provincial conferences at opposite ends of the pole without previous attempts at negotiating points of view and without any basic consultation since the last conference. Fiscal relations are at the heart of many of the problems facing the healthy continuance of our federal union, and true biculturalism. Immediate changes are imperative.

For some time now, sir, I with other hon. members in this house have advocated the creation of a secretariat for federal-provincial relations. Such a secretariat would increase the efficiency of separated powers, whether exercised alone or in a common endeavour. In many areas the provinces and federal government have consulted merely on a disorganized, ad hoc basis in relation to problems that need to be planned and executed only on the basis of continued and detailed communication and co-operation. Long and short term planning is involved here, and immediately our attention is drawn to the legal, financial, tariff, tax and resources aspects of the question. Today we see a no man's land of waste authority. We see as well the need for a continued review of the British North America Act and joint planning and administration of fishery, forestry, farming, housing, urban redevelopment, employment, human rights and other joint programs. We also see the need for joint action in the field of automation and the location and development of industry and secondary industry.

An hon. Member: Faster.

Mr. Grafftey: When we consider that economic factors never seemed to be the most important considerations which contributed to confederation in the first place, such a proposal for the establishment today of a federal-provincial permanent secretariat, when economic and fiscal matters are of such great importance, is of such vital concern to my way of thinking and to the way of thinking of many hon. members, that it must be acted upon immediately.

Not long ago, when the provincial premiers met in Victoria, British Columbia, Premier Lesage of Quebec mentioned the strong possibility that the provinces might join together to form their own permanent secretariat. He noted that many areas require co-operation simply among the provinces themselves, without mentioning the necessity for co-operation among the provinces and the federal government. This is most notable, perhaps, in the resources field. The first steps to be taken seem to involve the immediate necessity for the provinces and the federal government to set up their respective general secretariats. We need not fear the idea of competing secretariats if we carry the whole idea one step further and look at progress already made with the joint national resources council which came into being under the last administration. This was the first concept of true co-operative federalism.

All provinces, under this system, and the federal government are represented and we see here the idea of a super-provincial-federal organization. Nothing is imposed on the provinces. They are never presented with a *fait accompli*. Working formulas are negotiated and evolved on a continuing basis. Surely, Mr. Speaker, this concept must be widened to include at least fiscal arrangements. Perhaps there are those who feel the provinces and the federal government should not set up separate secretariats before one general joint secretariat is set up. For this reason I have purposefully not entered into details. On the other hand, I do hope these broad proposals may play some small part—I am addressing these words to the Minister of Finance—in solving a problem which Canadians of all political parties fully realize must be dealt with immediately. The Minister of Finance of this Liberal party would not, I am sure, be too pleased if he saw the behaviour of his party in the province of Quebec. But the province of Quebec, with the other provinces, wants action now because of the way the Liberals behaved during the election campaign. This is the party that was going to save confederation. Therefore I say to the government, show the people of Quebec and all provinces of Canada your good faith.

With the people of my province, Mr. Speaker, I am optimistic about the future of confederation. Yet I am a realistic optimist, and realism dictates that the Minister of Finance and his colleagues indicate that they are doing some positive thinking and are ready to act. Such an approach to the question of dominion-provincial relations and to the question of biculturalism will help to ensure that 1967 will be a true celebration for all the provinces of Canada and for all Canadians.

Mr. Jack Roxburgh (Norfolk): I intend to to deal tonight with a subject which is very controversial, one which is possibly as controversial as the budget itself.

An hon. Member: That's for sure.

Mr. Roxburgh: One thing is for sure: at least, I sincerely hope we shall not be battling each other back and forth, because this is a subject above that. The controversial subject with which I intend to deal is tobacco.

I think hon. members will agree with me that anything which would cause our lovely lady, the Minister of National Health and

Welfare (Miss LaMarsh) to change her mind at this time of life is really quite important.

Some hon. Members: Oh, oh.

Mr. Roxburgh: Wait for it, boys; we are coming to the subject. I feel sure we all acknowledge that the stand taken by the minister with regard to cigarette smoking has been motivated only by her keen and sincere concern for the future health of the youth of this country. I think we must all commend her for her ideas in that direction. It is not my intention in any way to dispute the findings of the medical authorities. But I want to say this: if the medical authorities are truly sincere in their efforts to protect the health of this nation, they had better take a really long look in some other directions and at some other products. Let us take one such product, for example, tranquillizers. Tranquillizers are being used today not only by adults but increasingly by the youth of our nation. I think hon. members will have to realize that these drugs are going a long way towards breaking down the mental and moral health of our young people.

Then, of course, there is that likeable and friendly old fellow, old John Barleycorn. In fact, I like to get friendly with him once in a while. And when I talk about friendly old John I hope the Leader of the Opposition (Mr. Diefenbaker) will not think I am referring to him. I would like to take dear old John and cut him up into three pieces. The first one has to do with health. I think everyone knows that there is a great deal of evidence about the effect of dear old John on the health of the nation in more ways than one. Indeed, medical men are beginning to think of too great an indulgence in alcohol as being a disease. They are actually contemplating putting up institutions to handle people suffering from this disease. This is where the comparison with tobacco comes in. I think that if comparable experiments were made the adverse effects on health caused by dear old John would easily outweigh those of tobacco.

Then there is the effect of alcohol in relation to our mental institutions. I often wonder whether the medical authorities know anything about the mental institutions which exist in the Dominion of Canada today. I am not blaming dear old John for putting the majority of the present inmates into these institutions, but I think every hon. member here will realize that he is responsible for a great number of these people finding themselves in institutions.

Then there is the moral angle. There are the broken homes. Let us face the fact that the effects of too much alcohol go a long way towards breaking down the moral fibre of this country. Again, I should like to say that if the medical men in Canada want to take a look at some of these things they had better take a long, hard look at some of these other products, because the tobacco situation is nothing but peanuts compared with them.

We grow it in good old Norfolk county—between $40 millions and $50 millions worth. Tobacco in Ontario today is a multi-million dollar business. It is an established business and a proven business. Are we going to sell it down the drain? I should like to bring a few facts to the attention of hon. members. I know they will smile when I refer to a certain product and compare it with tobacco. Believe it or not, that product is wheat, and wheat is the lifeblood of Canada, grown of course by those great farmers out in western Canada. Wheat returns to those farmers something like $500 million a year, but even so the government has to subsidize the wheat growers of western Canada through the Prairie Farm Assistance Act, through grants in respect of unharvested crops, acreage payments, storage payments, and so on to the tune of about $100 million a year. The tobacco industry returns to the growers of Ontario around $100 million a year. It has returned to the government by way of excise duty and taxes hundreds of millions of dollars over the years. On the average it returns every year approximately $400 million in taxes. This is derived from somewhere between 120 to 130 thousand acres of land in Ontario. This area produces the highest grade tobacco in the world. Hon. members will say it is a new industry, 35 to 40 years of age. But any new industry needs help from older industries, and from the United States came the boys from North and South Carolina and other places, and they taught us how to grow tobacco. When the season was over they went back to their homes in the Carolinas and Virginia, taking with them hands of tobacco grown in Ontario. What did they do with those hands of tobacco? They thought they would have a little fun and gave them to their relatives and friends to enter as exhibits in tobacco shows in the United States. And what happened? They just walked away with the prizes.

Mr. Speaker, this is an industry that has not been living out of the pockets of the country. Tobacco growing is an industry which has been putting money back into the country's pockets, not taking it out like some other industries within the dominion. If ever there was an industry which needs adjustment assistance and help in the research field, it is the tobacco industry. I am sure every hon. member here will agree that this industry has earned its right to expect some help, because as I say, for years it has been

pouring hundreds of millions of dollars into the pockets of Canada to help keep other industries going ahead. Are we going to kill an industry? Are we going to cut the head off the goose that laid the golden egg?

Some hon. Members: No.

Mr. Roxburgh: Good. I realize there has been a lot of unwarranted publicity given to this subject recently. Suggestions have been made that programs are to be worked out to reduce or even eliminate the habit of smoking cigarettes. If such is really the case then this government should take a forward step in stopping expansion of the tobacco industry and leave it where it is now. It is a stabilized industry, and if this obnoxious weed is so obnoxious and if these statements are correct, as I expect they are, then its growth should go no further and the people responsible for the industry and who have invested money should be protected. The government of the day should give certain protection to this industry, which has proven itself. This could be done by making a sincere effort to bring about national marketing board legislation. This should not be delayed. I think we all realize it cannot be done without the co-operation of the provinces. That is also true of portable pensions, contributory old age pensions and so on, and I know the present government will take immediate steps to put this legislation before the house. I ask the present government to do this on behalf of a $100 million business returning, as I say, $400 million a year to the government in tax.

A substantial effort should also be made to export this product. Many hon. members will smile and say that it has been tried but we have not had very much luck. The United States has already put forward ideas to expand their export trade. We have some of our own which we intend to carry out, but we can always learn from others. I think one of the best ideas which has come across the line is this. They have employed men—call them, if you like, good relations officers—who are sent to countries to which the United States exports a great deal. They work in conjunction with the United States embassy, and when any product, whether it be tobacco, machinery, or what have you, is exported to that country they are there to give advice. Suppose we export tobacco to a country and it does not arrive there in the condition it should. Naturally the importer is perturbed and will not pay the price. Or suppose for some reason or other the product is in good condition but the importer thinks he can pull a fast one and says it has not arrived in good condition. The men employed by the United States would follow up such a complaint. If it concerned an export from that country they would talk things over. This would bring them closer together and get them to forget their differences. The United States has proven that by this method they have not only kept their export trade but have increased it.

The hon. members may ask what are the possibilities of exports? A lot of people say it is no use going to a different country to export because the United States exports to that country, or somebody else does. Well, if we all took that attitude no new industry would start up either in this or any other country. Speaking as a fruit grower, when we have a large crop of apples or peaches, or whatever it may be, if we sat on our fannies all the time we certainly would not sell very much fruit. We have to get out and work for it.

Now, I should like to point out to you that Great Britain imports from Canada 11 per cent, from the United States 50 per cent. Belgium imports from Canada one third of 1 per cent, and 28 per cent from the United States. West Germany imports 1 per cent from Canada, and 40 per cent from the United States, and so on. One could go on so far as this part is concerned, and talk about this industry and the return it has made to this country in the form of taxes. We can, without taking one cent in the form of taxes from any other product, take some of the $400 million to help this industry while it is fighting for its life. After all, this is an industry that has poured money into the governments of Canada for the last number of years. We can spend money for experimental purposes. We can spend money for marketing. We can spend money for research in the interests of the tobacco industry. This money will come from the tobacco industry itself.

I know that a number of salesmen and other people will say that the subsidies paid by the United States government represent the reason their tobacco is selling overseas and ours is not. I know that at the mention of subsidies everybody will throw up their hands and say, "Oh, not another subsidy for an agricultural product". I should like to say to my hon. friends opposite that this money can be taken from the industry itself. Surely an industry that has poured the money into our pockets that this industry has over the years deserves some consideration. We are not asking that money should come from any other product to help subsidize us. Surely, we can use some of this money to subsidize the industry now.

In summing up, I should like to say that I think one of the most important factors is to stop further expansion of tobacco growing. I should like to repeat that tobacco farmers in Ontario produce 99.9 per cent of the tobacco Canada uses. If all these facts that

the medical profession claim are true, and I am not denying them, then why should this or any other government allow the Farm Credit Corporation and other corporations to lend money to people to grow more tobacco? It just is not sensible. We have all we need at the present time. In other words, the present tobacco farm marketing board is being backed to the tune of millions of dollars to try to help sell this surplus tobacco.

Then, there should be a subsidy given for assistance in research. Here is an industry which, if it is not looked after, not given just a little bit of help, might go down the drain. No one is saying that in five months or five years the research people will not make it possible for everybody to continue to smoke cigarettes without any detriment. In my opinion it might be possible for the Department of Trade and Commerce to have people work through the embassies to sell our tobacco.

Let me point out again, Mr. Speaker, that this is a proven business, a business that is going to need some form of protection while it adjusts itself to the new problem facing it today. In my opinion at least, it is only good common sense that such a business should be protected because, in the long run, it is going to return millions of dollars to governments now and in the future, and is going to be of value in other ways and do more good than we will ever realize.

Mr. Erik Nielsen (Yukon): Mr. Speaker, in joining in this debate I must first of all congratulate you on your appointment as Deputy Speaker. Of course, I must congratulate the Speaker as well. This traditional honour, I think, falls on very worthy shoulders. Before commencing my remarks this evening I must say that I have been a friend of the Speaker for some time. He was one of those who assisted me when I first came here in 1957.

I want to make my remarks on the budget under three main headings this evening. The first one is the tax incentives as they are applicable to northern development. The second is the budget as it applies or does not apply to the mining economy of the north. Third, I want to state some facts for the record in connection with the Dawson city festival which has received so much lampooning and so many unkind remarks from the government side of the house.

Before doing this, however, I want to comment very briefly on the manner in which this budget was prepared. It seems to me, Mr. Speaker, that the charges that were levelled at the former government now the official opposition, last year and the year before in connection with fumbling and bumbling, in connection with lack of decision, are applicable now with more force than ever to the members of the treasury benches. This is particularly true when one views the panic into which the stock exchanges of this country were thrown as a result of the premature announcement by the Minister of Finance (Mr. Gordon) yesterday.

Another thing upon which I should like to comment before going into the matter of the budget as it affects northern development, is the question of tax incentives about which the Minister of Finance had written for so long, and which the Liberal government had promised for so long for the encouragement and development of industry in Canada. Representations have been made for a long time to the government, to the officials of the Department of Finance, the Department of Mines and Technical Surveys, to northern affairs and national resources, to the effect that new mines in the north should be granted an increased tax exempt period. As we all know this period is three years for new mines. This is not enough. Over the past decade representations have been made repeatedly that this exempt period should be increased to at least five years. Out of the Northwest Territories Council have come resolutions to this effect. Out of the northern resources conference in Edmonton and from the associated boards of trade of the Pacific northwest meeting in Whitehorse has come the same sort of recommendation.

We do not see any mention of this in the budget, and this is supposed to be a budget to induce the development of Canada's resources and to induce the development of secondary industry. So it would appear that the Minister of Mines and Technical Surveys (Mr. Benidickson) either is not familiar with the problems that confront the mining industry and has not impressed upon his colleagues the need for this added incentive in the north, or his representations have had no effect on the Minister of Finance. In this regard, when I speak of the north I do not mean merely the north above the 60th parallel but the northern portion of Canada which comprises about 80 per cent of the nation.

I think the same observation can be made pretty well with regard to the Minister of Northern Affairs and National Resources (Mr. Laing) because certainly he has had sufficient time now to have become familiar with the problems of the north. He has made a visit there and I have no doubt he has spoken to many people in the mining industry. As a matter of fact, he has made speeches in this connection. Yet even his influence has had no effect in impressing the Minister of

Finance with the need for this type of incentive for the development of the mining industry in the north.

When this country was developing from east to west it was the resources of the west that finally made that contribution to national development which made the west what it is today. If the Minister of Finance and his colleagues, the Minister of Mines and Technical Surveys and the Minister of Northern Affairs and National Resources, had projected their thoughts in the creation of the budget along the same line of thinking that made for success in Sir John A. Macdonald's time, we might have had more incentive to encourage risk capital to go into the north for the purpose of developing the resources there.

Many people have no idea just how extensive the resources of the north are. If I were to tell hon. members that in the Yukon river basin alone there is a potential of 50 billion kilowatt hours of hydroelectric power and contrasted that with the total potential of the nation, it might impress them. If I were to say also that the oil and gas reserves in Canada above the 60th parallel total 50 billion barrels compared with 4.77 billion for the known reserves in the rest of Canada surely that might be some ground for the Minister of Finance to offer these incentives to the development of Canadian resources in the north.

I intend to say a word or two about the mining economy of the north a little later in my remarks, but I will pass now to the question of directing people into developing the industry of the north from the point of view of the budget that the Minister of Finance has presented. Along with the representations that have been made for tax incentives to the mining industry that would develop industry in the north, there have been hand in hand representations made by several organizations, both industrial and labour, for an increased personal tax exemption in the north. As recently as last year a delegation from the international union of mine, mill and smelter workers presented a brief to several members of the cabinet calling for an increase in the basic income tax exemption of individuals in the north to help to compensate for the higher cost of living there.

Obviously the government recognizes the principle that it is desirable to offset the difference between the cost of living in the north and that in the more southerly portions of Canada. They do this by offering what are known as isolated post allowances to civil servants who are required to go to the north for the purpose of discharging their responsibilities and duties. Isolated post allowances vary from a maximum of $2,600 a year for a married man who happens to be stationed in the more remote areas of Canada's north, such as Alert, to a low of $750 for a single man who happens to be posted in any area of northern Canada. Again I should like to draw the attention of the house to the fact that in this sense northern Canada includes those portions of northern Canada below the 60th parallel.

The government does this for the purpose of compensating the civil servant for the difference in the cost of living between that experienced by him if he performs his functions in the south and the cost of living in northern Canada. If it is a right principle to offer civil servants a cost of living bonus, which in essence is what it is, in the form of isolated post allowances, then the organizations that have made these representations to the government from time to time feel that it is just as right in principle that some sort of compensation should be offered to other citizens in the north in order to assist settlement in northern Canada and in order to eliminate what amounts to a discriminatory fiscal measure which is applicable only to civil servants and not to ordinary citizens in the north.

The government of Canada, which subsidizes wages for its civil servants through isolated post allowances because of the high cost of living in the north, should make provision for income tax allowances for other citizens. Representations have been made several times in this regard and I am rather surprised that the Minister of Finance has so forgotten Canadian citizens in the north as to have overlooked these representations, or even mention of them. Just as the government of Canada and the governments of the provinces and territories build roads to facilitate industry, which has been carried on in the last six years to a degree that has brought about development of resources in the north, and in the northern portions of the provinces, more than at any other time in Canada's history, there should be special recognition of this factor of the higher cost of living. We propose that it should be done by granting to all taxpayers in the Yukon and Northwest Territories an increased basic exemption, and if not based on a formula comparable to that used in calculating isolated post allowances then it should be on a flat rate.

May I call it ten o'clock, Mr. Speaker.

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

HOUSE OF COMMONS

Friday, June 21, 1963

The house met at 11 a.m.

TRANS-CANADA HIGHWAY ACT

AMENDMENTS TO PROVIDE FOR SECOND HIGHWAY

Mr. Frank Howard (Skeena) moved for leave to introduce Bill No. C-77, to amend the Trans-Canada Highway Act.

Some hon. Members: Explain.

Mr. Howard: Mr. Speaker, this bill seeks to put into effect the 1958, 1962 and 1963 promise of the Liberal party to allow the building, among other things, of a second trans-Canada highway. It seeks to amend the Trans-Canada Highway Act to that end by permitting the act to speak in the plural rather than in the singular, as it is at the moment.

Motion agreed to and bill read the first time.

IMMIGRATION ACT

AMENDMENT RESPECTING STATUS OF PERSONS RECOVERED FROM MENTAL ILLNESS

Mr. D. G. Hahn (Broadview) moved for leave to introduce Bill No. C-78, to amend the Immigration Act.

Some hon. Members: Explain.

Mr. Hahn: Mr. Speaker, the purpose of this bill is to make an amendment to the Immigration Act which will grant permanent status to people who have at some time in their lives suffered a mental illness. Under the present act if a person has ever suffered a mental illness he cannot have permanent status in this country. On the other hand, certain criminals after they have been rehabilitated are allowed permanent status. This amendment will allow people who have suffered from mental illness the same rights as criminals.

Motion agreed to and bill read the first time.

TECHNICAL AND VOCATIONAL TRAINING ASSISTANCE ACT

AMENDMENTS RESPECTING PAYMENTS TO PROVINCES, ETC.

Hon. A. J. MacEachen (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient, as a means toward the further development of manpower in Canada and toward increasing employment opportunities for Canadians, to introduce a measure to amend the Technical and Vocational Training Assistance Act:

(a) to provide that in respect of the costs incurred by a province as training allowances for unemployed persons, the contributions payable by Canada to the province be increased from 75 per cent to such percentage, not exceeding 90 per cent, as may be specified in the agreement made under the act between the Minister of Labour and the province;

(b) to provide in respect of the costs incurred by the province for such part of the program for training employed persons in industry as may be specified in the agreement, the contributions payable by Canada to the province be increased from 50 to 75 per cent thereof;

(c) to extend, until such date as may be specified in the agreement made under the act between the Minister of Labour and the province, the period during which the contributions payable by Canada to the province will be 75 per cent in respect of costs incurred by the province for capital expenditures on training facilities; and

(d) to increase the number of members of the technical and vocational training advisory council from 23 to 28 and to provide an honorarium for the chairman thereof.

Motion agreed to.

PENSIONS

PROVISION FOR CANADA PENSION PLAN, INCREASED OLD AGE SECURITY PAYMENTS, ETC.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to establish a comprehensive pension program to be known as the Canada pension plan and to provide among other things for the payment of pensions on an adjusted scale commencing, at the option of the pensioner, at any age between 65 and 70 years; for the payment of pensions to surviving spouses commencing at any age after 65 years; for the progressive establishment of such pensions over an initial period averaging ten years in order to facilitate the adjustment of existing pension schemes to the new plan; for the payment of an additional pension of ten dollars a month to all persons to whom a pension may be paid under the Old Age Security Act; for the adjustment of pensions payable under the Old Age Security Act to co-ordinate such pensions with the new plan; and for the appointment and remuneration of such officers, clerks and employees as may be required for the due carrying out of the

new plan; and to provide further that all expenditures under the new plan, additional to those required under the Old Age Security Act, shall be paid out of or reimbursed from contributions by employees, employers and self employed persons.

Motion agreed to.

NATIONAL HOUSING ACT

AMENDMENTS RESPECTING URBAN RENEWAL PROGRAMS, PUBLIC HOUSING PROJECTS, ETC.

Hon. J. R. Garland (Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the National Housing Act, 1954,

(a) to provide further assistance to municipalities carrying out urban renewal programs by authorizing Central Mortgage and Housing Corporation (hereinafter referred to as "the Corporation") to make loans to municipalities to assist them in meeting the costs of such programs, and for this purpose to provide for the payment out of the consolidated revenue fund of amounts not exceeding in the aggregate one hundred million dollars;

(b) to authorize the corporation to make loans and to insure loans made by approved lenders to owners of existing houses in areas included in urban renewal programs;

(c) to authorize the corporation to make loans and contributions to provincially or municipally owned housing agencies for constructing or acquiring public housing projects and operating such projects, and to authorize the corporation to contribute a portion of the operating losses on any such projects that provide subsidized housing accommodation to individuals or families of low income;

(d) to permit federal-provincial public housing projects to include existing housing and hostel or dormitory type housing accommodation;

(e) to authorize the corporation to make loans to non-profit organizations to assist in the acquisition or construction of housing accommodation for individuals or families of low income;

(f) to increase from two billion dollars to two and one half billion dollars the maximum charge on the consolidated revenue fund for direct loans by the corporation;

(g) to provide for the establishment of a special account in the consolidated revenue fund out of which amounts not exceeding in the aggregate one hundred million dollars may be advanced to the corporation for the making of loans to the holders of mortgages issued in respect of loans insured under the act and for the purchase by the corporation of mortgages issued to secure such loans;

(h) to increase the loan ratio for insured loans made to home owners and builders; and

(i) to provide further for certain changes in the administration of the act.

Motion agreed to.

HEALTH AND WELFARE

ESTABLISHMENT OF COMMITTEE ON CHEMICAL FOOD CONTAMINATION AND DRUGS

On the order: Government notices of motion:

June 19—The Minister of National Health and Welfare—The following proposed motion:—That a special committee be appointed to consider and report on (a) the hazards of food contamination and insecticides, pesticides, and other noxious substances; and (b) the safety and cost of drugs; that the committee consist of 24 members to be designated later by the house; that the committee be empowered to send for persons, papers, records, and to report from time to time, and to print such papers and evidence from day to day as may be deemed advisable; and that the provisions of standing orders 66 and 67 be suspended in relation thereto.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

UNITED NATIONS

NUCLEAR TESTING—REQUEST FOR STATEMENT ON POSSIBLE BAN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs whether he has any information to give the house regarding the possibility of success being attained in ending the testing of nuclear weapons?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in answer to the question of the Leader of the Opposition—

Some hon. Members: Hear, hear.

Mr. Churchill: It has taken you 60 days.

An hon. Member: Sixty-one days.

Mr. Martin (Essex East): My only comment on that is that the government has been so busy making decisions—

Mr. Diefenbaker: And retreats.

Mr. Martin (Essex East): —that the answer is obvious. But to deal with the question of the right hon. gentleman I would like to point out, as he knows, that between June 22 and July 30, the 18 nation disarmament committee will not be in session. The three great powers are taking advantage of this recess to hold important talks in Moscow. It is hoped that these talks, with regard to the proposal for a ban on nuclear tests, will result in agreement. Whether this eventuates will be seen. If such success should attend these three power talks the effect on the resumed disarmament discussions would, of course, be very great.

In the meantime the United States has announced its intention not to carry on atmospheric tests, and the United Kingdom has made a similar announcement. It is hoped that these initiatives taken by the United States and the United Kingdom will have a

salutary effect. I can only say I am sure all of us in this house hope that the discussions in Moscow will prove valuable and useful.

FINANCE

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, on June 19 as recorded at page 1342 of *Hansard* for that date, the Prime Minister agreed to undertake an inquiry into the trading patterns immediately preceding and immediately following the budget. I would like to ask if such an inquiry has been undertaken; and in view of some of the very serious patterns which have developed by the block trading of certain companies, whether he would be prepared now to set up a special committee of the house to look into this matter to see whether there have indeed been any violations of secrecy with respect to the budget.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think I said I would bring this matter to the attention of the exchanges and in the light of the information we received from them then we would know what steps, if any, should be taken by the government and the house. I have not yet received a report on this matter.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in that connection I would like to ask the Prime Minister, while emphasizing support for what has been suggested previously by hon. members on this side of the house, whether he could secure, when he is making this investigation, a record as to the number, kind and nature of transactions on the trading market in Toronto of Harris and Partners Limited on the Tuesday and Wednesday prior to the budget; also any transactions in respect of pipe line stocks of Wood, Gundy for a period of one week prior to the budget. Would he be able to secure this information?

Mr. Pearson: Mr. Speaker, I do not know whether it would be proper to single out two companies of this kind for information of this kind. I will look into the matter.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, with respect to the question just asked by the hon. member for Burnaby-Coquitlam and the inquiries which the Prime Minister said he would have made, will the Prime Minister ensure that this investigation determines the extent and the source of the reported heavy short selling of the shares of independent Canadian oil companies in the week before the budget was presented, with particular reference to companies which would have been available for take-over by American interests and whose stock dropped substantially in value upon the budget resolutions being made public?

Mr. Pearson: I will be glad to include that matter in the consideration being given.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Was anyone other than a cabinet minister or a top official in the Department of Finance informed of the decision to withdraw paragraph 11 of the Excise Tax Act resolutions after the decision was taken and before it was announced in the house?

Hon. Walter L. Gordon (Minister of Finance): Yes, Mr. Speaker.

Mr. Knowles: Mr. Speaker, will the Minister of Finance tell the house who outside of these people were so informed?

Mr. Gordon: The deputy minister, the senior assistant deputy minister who was working on this particular tax, Mr. Stanley, Mr. Conway and Mr. O'Connell.

Mr. Knowles: May I ask a further supplementary question. Did any of these gentlemen—I refer in particular to the outside gentlemen, the contractors—assist the Minister of Finance in the preparation of the statement he made to the house concerning the withdrawal of that resolution?

Mr. Gordon: No, Mr. Speaker.

Mr. D. M. Fisher (Port Arthur): A supplementary question, Mr. Speaker. It is in the same field but I should like to direct it to the Prime Minister. When he is considering his investigation would he inquire whether there is any truth in reports I have had from press offices in Toronto that simultaneously with the announcement by the Minister of Finance in the house that he was withdrawing paragraph 11 of the budget resolutions dealing with excise tax, there were telephone calls coming into such offices from floor traders on the exchange asking if it had yet been withdrawn?

Mr. Pearson: I will be glad to look into that, Mr. Speaker.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of Finance. Does the minister intend to act upon the suggestion made today by the Montreal *Gazette* financial editor, Mr. John Meyer, that the government, having withdrawn the 30 per cent take-over tax,

should now withdraw the adjustments in withholding taxes intended to force procurement by Canadians of equity participation?

Mr. Gordon: I have not read the article, Mr. Speaker.

Mr. Martineau: A supplementary question. In light of the minister's answer I wonder whether he would take notice of the article and advise the house as to his decision in view of the grave uncertainty existing in financial circles.

Mr. Gordon: It would seem to me this is a matter for the debate.

Mr. Diefenbaker: I should like to ask the minister how he justifies such an astounding admission as the one he has just made, that before an announcement in the House of Commons these three individuals to whom criticism had been directed were brought in and made aware of so important a change. What is behind all this?

Some hon. Members: Oh, oh.

Mr. Pearson: We know what is behind it.

Mr. Diefenbaker: Answer. Mr. Speaker, the house has a right to this information.

Mr. Gordon: Before I make any announcement in this house, even though it has been drafted by myself and approved by the cabinet, I usually show it to senior officials of the department so that if there is any small change that needs to be made in it they will inform me.

Mr. Knowles: Was it part of the contract made with these three gentlemen that they were identified as senior officials of the Department of Finance? In spite of what I hear of members over there advising the minister not to answer, I think he should answer this question.

Mr. Gordon: They were not hired as junior clerks. They were senior individuals who were working with senior permanent officials and in that capacity, for the time being, they were acting in that way.

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of the fact that these three gentlemen had shown their incompetency by not having recognized the administrative difficulties—

Some hon. Members: Order.

Mr. Speaker: Order, please. Would the hon. member please rephrase his supplementary question? He is giving an opinion, not asking for information.

Mr. Douglas: In view of the fact that these three gentlemen had failed to recognize the administrative difficulties, does the minister not think it was inadvisable to consult them any further?

Mr. Gordon: I would think that was a question that might better be brought up in debate.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): May I ask a supplementary question. After completion of the budget were these three gentlemen still retained in government service, or was their contract terminated upon completion of the budget?

Mr. Gordon: Yes, they were.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Are they on now?

Mr. Knowles: The contract was for six months.

Mr. R. Gordon L. Fairweather (Royal): I should like to ask the Minister of Finance if he would assure the house that he would consult knowledgeable page boys before making any further statements likely to influence the stock market.

Mr. Charles J. M. Willoughby (Kamloops): I should like to direct a question to the Minister of Finance. In view of the fact that fixed contracts are exempt from the 11 per cent sales tax, will the same exemption apply to municipalities that have passed fixed sum bylaws for the construction of public buildings although tenders have not yet been let?

Mr. Gordon: Mr. Speaker, the hon. member for Medicine Hat asked me a question yesterday and I said that either I or the Minister of National Revenue hoped to make a statement covering a number of these points, including the one the hon. gentleman has just raised, either today or Monday. I have no doubt that the matter will be raised again in the course of this question period.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I wish to address a question to the Minister of National Revenue in the light of what the Minister of Finance has just said. I would ask the minister when he expects the clarifying statement will be ready respecting the 11 per cent sales tax on building materials.

Hon. J. R. Garland (Minister of National Revenue): Monday, Mr. Speaker.

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to ask a question of the Minister of Finance. The minister just intimated that he had discussed with the three gentlemen who were associated with the preparation of the budget the fact that he was going

to change section 11, or whatever it was—he was going to withdraw it, at least, pending—

Mr. Churchill: Suspend it.

Mr. Monteith: The minister said he had discussed this matter with them prior to the announcement being made in the house. According to reports these men had left Ottawa and had presumably left their association with the government. Did he call them back specifically for this purpose?

Mr. Gordon: I know nothing of the reports, Mr. Speaker. They had not left the government service and they had not left Ottawa.

Mr. Knowles: Mr. Speaker, I rise on a question of privilege which relates to the matter just now under discussion. I appreciate the honesty of the minister's answer a few moments ago that he did inform these three gentlemen of the changes, but my question of privilege is that this house was misled by the minister on June 19, the day the statement was made.

The minister was asked a question by the Leader of the Opposition and his reply, as reported at page 1341 of *Hansard,* was this:

> Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I gave no information to Mr. Kierans, and I did not make any statement to anybody else until I came into this house, other than the Prime Minister and certain members of the cabinet.

Some hon. Members: Shame.

Some hon. Members: Resign.

Mr. Knowles: We have now had the minister's own word that these three gentlemen who were taken on as special consultants were informed of this decision after it was made and before the house was so advised. If they were not informed directly by the Minister of Finance, they were informed with his knowledge, with his consent, and I submit that we were misled by the minister in the statement he made to the house on Wednesday of this week.

Mr. Gordon: Mr. Speaker, I daresay that people can twist words. I do not mean that my hon. friend did that at all, but I think you can misread these things. It has been my understanding that ministers were entitled to, and usually did, speak to the senior members of their departments, and I certainly included these people in that category.

Mr. Knowles: I rise on another question of privilege, Mr. Speaker. Any suggestion that I am guilty of twisting words is completely without foundation.

Some hon. Members: Oh, oh.

Mr. Knowles: I have read the minister's own words of Wednesday, which were to the effect that he told no one but the Prime Minister and certain members of the cabinet. There was not even any mention of officials then, but I would not have thought that was out of place. Of course he would tell the deputy minister of finance; at least I would hope he would. But now we are told that three people who were not officials of the department, who were outsiders and were taken in on so-called contracts under a treasury board minute of doubtful validity, were informed. I suggest that the whole story is a sorry affront to the rights of parliament.

Some hon. Members: Hear, hear.

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I would like to direct a question to the Minister of Finance. Can the minister say whether any tax was actually collected under section 11 of the Excise Tax Act during the four days it was in force; and if so, will such collections be refunded?

Mr. Speaker: Order. I suggest to the hon. member that is the type of question for the order paper.

Mr. David Orlikow (Winnipeg North): I wish to direct a question to the Minister of Finance, Mr. Speaker. Has the minister received complaints from universities, school districts or municipalities that the 11 per cent sales tax on building materials will seriously curtail their projected building programs?

Mr. Gordon: Mr. Speaker, I have received a great many representations. As the Minister of National Revenue said a few moments ago, he will be in a position to give a clear answer on Monday of the way this tax will apply.

Hon. George C. Nowlan (Digby-Annapolis-Kings): I wonder when the Minister of Finance will be in a position to announce a decision with respect to the excise tax which is now suspended, uncertainty with regard to which is overhanging the market, causing uncertainty and lack of confidence.

Mr. Gordon: In my statement on June 19 I said the government proposed to withdraw the budget resolution respecting the Excise Tax Act pending a solution of the administrative difficulties involved in its application. If the difficulties referred to cannot be resolved the resolution will not be re-introduced, and other means will have to be found to prevent the takeover of Canadian firms by non-residents. I am not in a position to answer, directly, a question as to whether I am certain the difficulties can be overcome.

Mr. Nowlan: Does the minister realize—I am sure he must—that this uncertainty is creating severe dislocation in the financial markets of this country?

Inquiries of the Ministry

Mr. C. S. Smallwood (Battle River-Camrose): I have a question for the Prime Minister. In yesterday's Montreal *Gazette* it was reported that the right hon. gentleman intends to replace the Minister of Finance. Is this report true?

Mr. Pearson: That report, Mr. Speaker, is untrue.

Mr. Diefenbaker: I should like to ask the Minister of Finance whether he consulted with his three outside experts—I called them "tinkers", but experts they were—before the withdrawal of this tax; and when did he advise them, the three of them, of his intention to make the announcement he did on the evening of the 19th?

Mr. Gordon: I did not consult them, Mr. Speaker. After the cabinet meeting I informed the deputy minister, the assistant deputy minister and those three gentlemen who had been helping me with these matters.

Mr. Diefenbaker: The question, is what time in the afternoon.

Mr. Macdonald: At what time did you become honest?

Mr. Diefenbaker: It is very important, having regard to the transactions which took place on the stock exchange. At what time were these three men advised?

Mr. Gordon: It was just before I came into the house, but I do not know the exact time.

Mr. Grafftey: Mr. Speaker, a question of privilege, an hon. member opposite has just directed a remark from his seat to the Leader of the Opposition, and if he was honourable he would get up from this seat and withdraw immediately.

Some hon. Members: Hear, hear.

Mr. Grafftey: I am not going to point an accusing finger or identify him, but if the hon. member has any honour he will get up now and withdraw his remark.

Some hon. Members: Oh, oh.

Mr. Speaker: I recognize the excitement of the hon. member, but there is no question of privilege.

Mr. Smallwood: I should like to ask the Minister of Finance a supplementary question. In order to restore Canadian confidence abroad, why wait till spring? Why does he not resign now?

(Translation):

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I regret to have to return to the charge against the Minister of Finance, but I think that he is expecting it.

[Mr. Nowlan.]

Why did he fustigate Mr. Kierans and his recommendations immediately after having complied with the demands of this person?

(Text):

Mr. Diefenbaker: Mr. Speaker, I rise on a question of privilege. I do not know whether that remark appears in *Hansard*, but if it does I want it clearly understood that it will be withdrawn. If the statement made by the hon. member opposite is on *Hansard* I do not want Your Honour to say afterwards that we did not object at the time. A remark such as that allegedly made by the hon. gentleman is contrary to the rules of this house.

Some hon. Members: Shame.

Mr. Speaker: I regret to say that I did not hear any remark. Perhaps there was so much noise going on that I could not hear it, and I do not know to what the Leader of the Opposition refers.

(Translation):

Mr. Yvon Dupuis (Parliamentary Secretary to Secretary of State): Mr. Speaker, as I have been pointed at by the hon. members opposite, I must say that I have used, with regard to the former prime minister, no word whatsoever that might be objectionable. I do not know whether someone heard words that came from elsewhere, but as far as I am concerned, I have spoken in the most courteous way. What I asked personally to the former prime minister was: "At what time were you born?"

(Text):

Mr. Nielsen: I rise on a question of privilege, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. This is one way to get the attention of hon. members. The hon. member for Yukon has a question of privilege.

Mr. Nielsen: On a question of privilege, Mr. Speaker, perhaps now the seatmate of the hon. gentleman who has just spoken will get up and say something to the house as well.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the question which I addressed from my seat was "At what time did you become honest?". Now, if the hon. gentleman is in any doubt with regard to that he will find an epithet in it. If he is in no doubt at all then there is no epithet.

Mr. Diefenbaker: Mr. Speaker, this young and juvenile member of the house cannot get away with that statement, and I ask for its immediate withdrawal.

Some hon. Members: Withdraw.

Mr. Speaker: May I suggest, as I am sure he will agree, that if the hon. member intended any offence he will certainly withdraw the remark.

Mr. Diefenbaker: Not at all, Mr. Speaker. I want that statement withdrawn.

Some hon. Members: Hear, hear.

Mr. Macdonald: If the right hon. gentleman finds the statement—

Some hon. Members: No, no; withdraw.

Mr. Macdonald: Wait a minute. If the right hon. gentleman finds the statement—

Some hon. Members: Withdraw.

Mr. Macdonald: If the right hon. gentleman finds the statement objectionable I will withdraw it.

Mr. Grafftey: No "ifs".

Mr. Diefenbaker: No qualifications. An absolute withdrawal is what I want. I have been in this house a long while, Mr. Speaker, and will not tolerate such impropriety.

Mr. Speaker: If I may make an off the cuff remark here, which perhaps I should not, we seem to be doing very well for early Friday morning. May I suggest to the hon. member, getting down to the business at hand, that he withdraw the remark.

Mr. Macdonald: With respect to you I will comply with your ruling and withdraw.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am rising on a question of privilege with respect to the records of the house. Would the right hon. gentleman, the hon. member for Prince Albert, withdraw the remark which appears on *Hansard* which he made during the budget debate, as reported at page 1003, and which reads as follows:

> Tell a big lie often enough.

Will the right hon. gentleman withdraw that remark?

Mr. Martineau: On a question of privilege, Mr. Speaker, it is absolutely obvious that the suggestion made by the Secretary of State is not within the rules, because any such question of privilege must be drawn to the attention of the Chair immediately. This is an incident which took place several days ago.

Mr. Speaker: I thank the hon. gentleman.

Mr. Pearson: Mr. Speaker, if the hon. gentleman is right that this remark was made about a big lie, it was directed to me, but I did not think it important enough to take notice of it.

Mr. Speaker: I think we have had sufficient information on this subject, and I will call upon one of the quieter members of the house to ask a question. The hon. member for Lapointe.

(Translation):

Mr. Gilles Gregoire (Lapointe): Thank you, Mr. Speaker.

I should like to direct a question to the Minister of Finance. Can he tell us on what administrative grounds he based his decision to withdraw section 11 of the Excise Tax Act?

(Text):

Mr. Gordon: Mr. Speaker, I will be glad to take this up in the course of the debate.

(Translation):

Mr. Chapdelaine: Mr. Speaker, the question which I asked earlier has been lost in the beating about the bush on some frustrated honours, and I understand that the Minister of Finance was ready to answer. I am therefore rephrasing my question.

Why did he fustigate Mr. Kierans and criticize his suggestions immediately after complying with the individual's demands?

(Text):

Mr. Gordon: I do not think I have anything further to say on this question.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I wish to reply to a question by the hon. member for Macleod in my absence on Wednesday, when he asked:

> Would the minister be good enough to tell the house whether it is true that fabulous orders for building materials were placed immediately prior to the budget?

I have made some investigations. I am not of course in a position to say exactly what was happening at that time but I would direct the attention of hon. members, and particularly of the hon. member for Macleod, to two facts which I think help to explain a great deal of what was going on. There was in fact in the month of May an increase in housing starts of 25 per cent over the same month a year ago, and an increase in the value of all non-residential construction contracts of no less than 54 per cent in the same period.

Mr. Nowlan: We sure had the economy moving.

Mr. Pearson: But that was May.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a short question for the Secretary of State for External Affairs arising from the report of a speech he made to the annual convention of Lions International at Miami, Florida, in which he is reported to have said that we—presumably the government—want to provide for effective and harmonious participation by foreign investment in Canada. Does the minister think that the take-over tax of 30 per cent, which was later withdrawn by the Minister of Finance, was of assistance in achieving this objective?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have listened with interest to the question. During the short time that I was in Miami I found there that the people of the United States recognized that under this government a new chapter in Canadian-American relations has opened.

An hon. Member: They sure do.

Mr. Douglas: Mr. Speaker, may I direct a question to the Prime Minister, and ask him whether he has received a telegram from the East Asiatic Company (Canada) Ltd. in which they point out that they have some one thousand employees, that they are opening up one million acres of timberland on Vancouver island, and that their projected pulp mill will have its cost increased by some $2 million thereby endangering some 800 permanent jobs in that area. In the light of this telegram from the company, may I ask the Prime Minister whether the government is prepared to give any reconsideration to the imposition of the sales tax on building materials and machinery used in construction work?

Mr. Pearson: Mr. Speaker, I do not recall having received that telegram, but I will look into the matter when I get back to my office. When I do, and if it has arrived, I would certainly want to take a very close look at the figures which my hon. friend has quoted.

Mr. Douglas: On a question of privilege, Mr. Speaker, is the right hon. gentleman suggesting the figures are not accurate because of my quoting of the figures or the company's quoting of the figures?

Mr. Pearson: I said I would certainly want to look at the figures put on the record by my hon. friend, for which he takes responsibility. On the terms given by him there would be an extra cost of $2 million on the building of the mill.

Mr. Douglas: On a $40 million or $50 million pulpwood mill it is not hard to see how this would be.

Mr. Speaker: I am sorry to interrupt, but this is becoming a debate and this is the question period.

Mr. Douglas: I am rising on a question of privilege, Mr. Speaker.

Mr. Speaker: What is the question?

Mr. Douglas: If the right hon. gentleman is calling in question the figures I quoted he is putting an implication on my interpretation of the telegram.

[Mr. MacEwan.]

Mr. Speaker: The hon. member well knows it is a rule of the house that if he quotes figures in the way he has done he takes his own responsibility for the correctness of the figures. That is all the Prime Minister indicated.

Some hon. Members: No, no.

Mr. Douglas: On the question of privilege, Mr. Speaker, I quoted the figures exactly as given in this telegram, and if the Prime Minister wishes I can send him a copy of the telegram so that he can check the figures with *Hansard*.

Mr. Pearson: The hon. gentleman quoted figures, and by quoting them took responsibility for them. All I have said is that when the telegram arrives in my office I would certainly want to examine those figures very carefully before reaching the conclusion he wanted me to reach about withdrawing this tax.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, on the point of privilege raised by my leader, the Prime Minister has suggested, and you yourself appeared to suggest, that when an hon. member quotes figures in this house, figures which he has received in a document, telegram or letter, he accepts responsibility for the correctness of those figures. The only responsibility is in the correct quotation.

Some hon. Members: No.

Mr. Douglas: This is not a telegram to me. This is a copy of a telegram to the Prime Minister, and the Prime Minister would do very well to examine the figures and compare them with this copy.

Mr. Pickersgill: That is what he said he would do.

Mr. Frank Howard (Skeena): Mr. Speaker, my question is somewhat supplemental to the statement made by the Secretary of State for External Affairs regarding this new chapter in American-Canadian relations. I would like to ask him whether included in that is the concept that we should enter into negotiations with the United States for the purpose of relocating the boundary between Alaska and northern British Columbia along the Panhandle?

Mr. Martin (Essex East): Mr. Speaker, I only had a few hours in Miami and that question was not one of the subjects under discussion.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Prime Minister directly related to the question which was asked him by the hon. member for Burnaby-Coquitlam. I would like to ask the Prime Minister whether, in view of the fact that the stated purpose of the proposed department of industry to promote the establishment and growth of industry appears to have been negated by these proposals for a sales tax on construction materials, the government is considering the withdrawal of Bill No. C-74 from the order paper.

Mr. Pearson: Mr. Speaker, I do not accept the hon. gentleman's premise. Therefore I cannot answer the question in the way he has put it.

(Translation):

Mr. Gerard Girouard (Labelle): Mr. Speaker, I should like to direct to the Minister of Finance a very short question which is not controversial. Can the minister assure the house that by Monday he will have considered the possibility of excepting from the 11 per cent sales tax on building materials the purchaser of a low-priced home?

(Text):

Mr. Gordon: Mr. Speaker, I have already said that a statement will be issued on Monday, and I do not think that I should go further than that.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Minister of Finance. Can he tell us if the three gentlemen taken on as senior advisers are now in the process of assisting in drawing the regulations to implement the various measures outlined in the budget?

Mr. Gordon: Mr. Speaker, various members of the Department of Finance and the Department of National Revenue are drawing those regulations.

Mr. Nasserden: A supplementary question. Are we to take it that these gentlemen are not charged with that particular responsibility?

Mr. Gordon: Mr. Speaker, I do not think it is customary for ministers to indicate who is doing the actual drafting.

Mr. Pearson: On a point of order, Mr. Speaker, the hon. member for Burnaby-Coquitlam took exception to my reference to the nature of his question a moment ago, in that I suggested that under the rules he should take responsibility for the figure that he put on the record. I want to make it quite clear that I was not questioning his honour or sense of responsibility in any way. I was indicating the rules as I thought they should be applied, and the basis of my statement is found in Beauchesne's Parliamentary Rules and Forms, section 177, which reads as follows:

> Reading telegrams, letters or extracts from newspapers as an opening to a question when the orders of the day are called is an abuse of the rules of the house. It is not good parliamentary practice to communicate written allegations to the house and then to ask ministers either to confirm or deny them. It is the member's duty to ascertain the truth of any statement before he brings it to the attention of parliament.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Trade and Commerce arising out of the statement he made with regard to the large number of housing starts in May. In view of the fact that it generally takes some months of planning before a building is commenced, does the minister consider that the large increase in starts in May was attributable to the policies of the present government? If so, would the minister confirm that the government needs all the credit it can get even though not deserved?

Mr. Knowles: Mr. Speaker, I should like to direct a question to the Minister of Finance. Was the making of the announcement concerning the withdrawal of paragraph 11 of the excise tax resolutions at about 20 minutes to 3 on Wednesday made at that time by deliberate decision or through inadvertence?

An hon. Member: No answer.

Mr. Knowles: Mr. Speaker, in view of the serious implications that flow from this can we not be told whether this was deliberate or inadvertent?

Mr. Speaker: Order. Is the hon. member raising a question of privilege?

Mr. Gordon: Mr. Speaker, I should like to answer that question. As I said at the time, it was the view of the government that as soon as a decision was reached it should be announced.

Mr. Knowles: A supplementary question. Was it a deliberate decision to make the announcement at that time despite the fact that the stock markets were still open?

(Translation):

Mr. Gregoire: Mr. Speaker, I should like to direct a question to the Minister of Finance. Could he tell us if he intends to remove all taxes which could entail administrative difficulties? For example, I could point out that the levy of the 11 per cent sales tax on building materials seems to give rise to many administrative difficulties.

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, since we are the only party who has not directed a question to the Minister of Finance and since the minister has

given consideration to advice coming from outside, could he assure the house that he will take into account suggestions that will be offered by the hon. members during the budget debate?

(Text):

Mr. Gordon: I am delighted to assure the hon. gentleman that I shall do so.

(Translation):

Mr. Martineau: Mr. Speaker, I should like to direct to the President of the Privy Council a question that he could consider as advance notice and answer next Monday.

Could the minister tell the house what senior appointments have been made by order in council within the Department of Finance, since April 21 of this year?

Hon. Maurice Lamontagne (President of the Privy Council): I definitely feel that this question should be put on the order paper.

(Text):

Mr. Speaker: Order. I do not wish to stop anyone—it is not my right to stop anyone—asking questions, but I would call the attention of hon. members to the fact that it is now twenty minutes or more after twelve o'clock on Friday morning. I do think if further questions are not really urgent perhaps they could be postponed until Monday.

Mr. Knowles: I should like to ask the Minister of Finance a supplementary question. Could we be assured that the precedent he set on Wednesday is one that will not be followed?

An hon. Member: What precedent?

Mr. Knowles: The precedent of making announcements of this kind while the stock exchanges are still open. Who are these advisers who are telling the minister "Don't bother"?

Mr. Gordon: I am quite prepared to answer that question. It will depend on the circumstances.

EXTERNAL AFFAIRS

INQUIRY AS TO INVITATION TO U.S. PRESIDENT

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Prime Minister. Does the Prime Minister intend to invite United States President Kennedy to Canada?

Right Hon. L. B. Pearson (Prime Minister): No invitation has been extended to him, Mr. Speaker, but Mr. Kennedy as President of the United States knows he would always receive a very warm welcome in this country if he could make a visit to Canada.

TRADE

PULPWOOD—REPORTED INCREASE IN PRICE FOR EXPORT

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Has the Minister of Trade and Commerce been informed of an increase in the price of pulp for export by a number of firms, and is he aware of a general move in this direction in a commodity which contributes so much to Canada's export trade?

Hon. Mitchell Sharp (Minister of Trade and Commerce): No, Mr. Speaker. I had not heard of it before, but if this information is accurate I thank the hon. member for it.

U.S. REQUEST FOR SUPPORT FOR TARIFF REDUCTIONS

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of Trade and Commerce. Has the minister taken notice of the appeal made last night in Montreal by Mr. Christian Herter, personal representative of President Kennedy, for Canadian support to lower trade barriers by cutting tariffs? If so, what response will the government make in this regard, especially in view of the fact that the budget is remiss in making any mention of the subject?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, the second day I stood up in this house I gave a complete report on the response Canada had made to the American initiative for a further round of trade liberalization. At that time Mr. Herter acknowledged the great support Canada had given, and so far as I know this continues to be government policy.

Mr. Martineau: I have a supplementary question for the minister. I thank him for the information given but he really did not answer my question, because in his reply he did not state whether he is aware of the recent pronouncements by Mr. Herter in which he asked that Canada adapt to changing times.

Mr. Sharp: I thought I was answering it. Mr. Herter in his speech was, of course, carrying on from the negotiations that we participated in at Geneva, and Mr. Herter knows the attitude of the Canadian government on this matter. He was appealing for the support of all Canadians in this trade

liberalization program which the Canadian government believes in, which it is supporting very strongly and which my colleague the Minister of Finance supports as well as I do.

DEFENCE PRODUCTION

INQUIRY AS TO REDUCTION IN PREFERENCE TO CANADIAN CONTRACTORS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish to direct a question to the Minister of Defence Production. In the light of reports that Canadian defence contractors may face a reduction in the preference granted in orders placed by his department, would the minister advise the house whether there has been a change in that if Canada gets larger defence orders from the United States he must reduce the preference granted to Canadian contractors?

Hon. C. M. Drury (Minister of Defence Production): I am not sure, Mr. Speaker, that I quite understand the full import of that question. There is no question that there will be any reduction in the preference now granted to Canadian contractors.

POWER

COLUMBIA RIVER—REQUEST FOR ESTIMATE OF COST OF DAMS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. I am going to abide by the rules, because I am not going to include the words "does the minister think".

In view of the fact that the information given to the house on Wednesday by the hon. member for Kootenay West, to the effect that the estimated cost of the high Arrow dam had increased from $72 million to $124 million has been proven correct by the confirmation of the figures in a statement issued yesterday by Hon. Ray Williston, minister of water resources for British Columbia, would the minister provide hon. members of the house with revised estimates of the cost of the dams relating to the Columbia river treaty so they will be correctly informed and can study the situation?

Mr. Speaker: Order. The hon. member and myself seem to be carrying on exercises in procedure. I should like to point out to him that he is asking for estimates, and I am sure he would receive a much more satisfactory answer if he put his question on the order paper.

(Translation):

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES FOR CERTAIN CLASSES

On the orders of the day:

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, I should like to direct a question to the Minister of Finance. Can he inform the house as to the recommendations made by the civil service commission concerning salaries of employees in group D and when these recommendations will be implemented?

(Text):

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I hope to continue with the discussions about pay raises for members of the civil service next week, or just as soon as I can. Until that is done I think it would be inappropriate for me to give a reply in advance.

CANADIAN NATIONAL RAILWAYS

PROPOSED EXTENSION OF RUN-THROUGH PROGRAM

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, I should like to ask a question of my genial friend the Minister of Transport. It is relative to the dispute between the Canadian National Railways and the brotherhood of railway trainmen concerning the two division run-throughs. Will the minister use his influence to prevent Canadian National Railways making this unilateral alteration in conditions of employment before the expiration of the present contract?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I thank the hon. member for the adjective used in reference to me. However, I did give an answer to a similar question asked by the hon. member for Winnipeg North Centre on June 13, and I do not think there is anything I can usefully add to that answer. It will be found at page 974 of *Hansard*.

Mr. Speaker: The hon. member for Acadia.

Mr. Horner (Acadia): Mr. Speaker, my question was similar to the one asked by the hon. member for Melville.

INDIAN AFFAIRS

REQUEST FOR CONSIDERATION BY DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder if I might direct a question to the Prime Minister and ask whether his government is taking any steps to make arrangements for a dominion-provincial conference on Indian affairs.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): There will be a federal-provincial conference, in the early autumn, I hope. The agenda for that conference has not yet been decided on.

Mr. Howard: Would the Prime Minister consider favourably the idea that Indian affairs should be placed on that agenda?

Mr. Pearson: Yes, I think that is a good suggestion.

GRAIN

WHEAT—STATEMENT AS TO DELIVERY QUOTAS

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Yesterday, in answer to a question by the hon. member for Lisgar concerning delivery quotas on grain, the Minister of Trade and Commerce indicated that on June 24, at approximately half the delivery points in the west, wheat quotas would be raised to 12 bushels. My question is this. In view of the fact there are many points in northeastern Saskatchewan, and in the north particularly, where they have 6 and 7 bushel quotas which still cannot be delivered, will the minister assure the house that every effort will be made to see that space and box cars are available to these points so they may deliver at least a 10 bushel quota before the quota is raised still higher for other points?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I can give that assurance to the hon. gentleman. Perhaps I ought to illustrate the extent of the problem in order to show the progress which has been made. On June 24 the quota position will be this. There are 1,942 points, of which 950 will be at 12 bushels. The number of points at 6 bushels will be only 5, and the number at 7 bushels will be 95. I hope we can make further progress in clearing up these relatively low quota points as rapidly as possible.

Mr. Korchinski: Can the minister assure the house that there will be box cars and space available before the quotas are raised at the other points?

Mr. Sharp: I will bring the representations of the hon. member to the attention of the Canadian wheat board which, of course, has responsibility for this.

Mr. C. O. Cooper (Rosetown-Biggar): Will the grain be moved out of the country elevators to make room for the initial quotas of the new crop year?

Mr. Sharp: That certainly will be the endeavour of the wheat board. I hope they are successful because, as the hon. gentleman knows, we have a very large crop in prospect.

(Translation):

WORLD FAIR

APPROVAL OF WORK AT RONDE ISLAND

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to direct a question to the Minister of Public Works who is responsible for the world fair.

Has the government in Ottawa granted approval to the city of Montreal for the work it will carry out shortly around Ronde island, since tenders have been or are about to be called to this effect?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I would be prepared to give an answer dealing broadly with the whole matter of the world fair. Yesterday afternoon, I received a report from the experts of LaSalle laboratory, whose services have been retained by the city of Montreal for scale model studies of the ice movements and navigation in the harbour of Montreal. The hon. member is aware that I contacted the city of Montreal authorities and the other interested parties in order to hold a meeting and I will be in a position, I hope, at the beginning of next week, to give the date, place and time of that meeting.

I am taking this opportunity to state that as far as the federal government is concerned there has not been a single day's delay, no delay can be charged to the federal government—

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, on a point of order—

Mr. Deschatelets: Don't you like my answer?

Mr. Martineau: Mr. Speaker, in my opinion the Minister of Public Works is not entitled, when replying to a question, to make a statement on government policy, and that is exactly what the hon. member is doing now. I respectfully submit that he has no right to make such a statement.

(Text):

Mr. Speaker: I was listening very carefully both to the question and to the answer, and I think the answer was an attempt to answer the question.

(Translation):

[*Later:*]

Mr. Pigeon: Mr. Speaker, I wish to put a supplementary question to the Minister of Public Works.

Can the minister also tell the house, further to my question—I am not talking about the long speech he made thereafter—whether the road projects proposed

by the provincial government, in respect to the throughway, have been definitely approved by the federal government?

Mr. Deschatelets: No, Mr. Speaker, officials of the provincial government met with the officials of my department last week, and we hope that we will be soon able to take a definite stand following the request we received from the provincial government.

(Text):

BUSINESS OF THE HOUSE

REQUEST FOR EARLY ESTABLISHMENT OF COMMITTEE ON RAILWAYS

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the widespread concern expressed by Saskatchewan C.N.R. agents and their families this past few days with respect to the master agency plan, would the Minister of Transport consider setting up the house committee on railways, canals and telegraph lines at the earliest possible date to consider railway abandonments, this master agency plan and the problem mentioned by my colleague from Melville this morning?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, as I indicated in answer to somewhat similar questions some two or three times already this session, I put forward a suggestion which would make it possible to refer the annual report of the C.N.R. to the standing committee on railways. That suggestion was not acceded to by the official opposition, as was indeed their right; but the consequence of that is that a special motion is required, and I am quite prepared to have the report referred to the committee when it is set up. However, it is not possible to see an early opportunity of setting aside the current business before the house, or other important business, in order to have this motion brought forward.

CRIMINAL CODE

SUGGESTED AMENDMENTS RESPECTING CRUELTY TO ANIMALS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a lover of animals I wish to address a question to the Solicitor General. Is the government giving consideration to amendments to the Criminal Code along the lines suggested by the Ontario society for the prevention of cruelty to animals? I know that quite a lot of persons in Canada are interested in these proposed amendments.

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I wish to thank the honourable and humane member for Kootenay West for having sent me notice of his intention to ask this question, and I should also like to commend him for his continued interest in the welfare of animals. I can assure him that the officials of the Department of Justice will give every consideration to the recommendations of the Ontario society for the prevention of cruelty to animals, and if amendments to the Criminal Code are found necessary they will be announced in due course.

AGRICULTURE

ALBERTA—REQUEST FOR USE OF PASTURE AT SUFFIELD DEFENCE BASE

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I have a question for the Minister of Agriculture arising out of a press release this morning indicating that southern Alberta farm lands are critically in need of moisture. Would the minister take immediate steps to help these farmers get more pasture at the Suffield defence base? I notice that the minister is not here. Would the self appointed minister for eastern Canada draw this matter to his attention?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I will take notice of the hon. member's question and bring it to the attention of the Minister of Agriculture.

LABOUR CONDITIONS

PICTOU COUNTY, N.S.—INVITATION TO MEETING ON UNEMPLOYMENT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Labour. In view of the very serious unemployment situation in Pictou county, Nova Scotia, has the minister received an invitation from Mr. Robert MacNaughton, president of local 1231 of the united steelworkers of America, to attend a meeting to discuss the unemployment situation; and if the minister is unable to attend will the government be officially represented at this meeting?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the answer to the hon. gentleman's question is yes, I did receive an invitation from the president of the local union

and replied that if I could be in Nova Scotia at the time I would be glad to attend the meeting. No arrangements have been made to send a representative, but I will consider that in the light of the hon. gentleman's question.

LABOUR RELATIONS

INQUIRY AS TO CHAIRMAN OF BOARD

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should also like to direct a question to the Minister of Labour. It relates to Mr. Justice C. Rhodes Smith who was appointed by the government to the court of Queen's bench in Manitoba. Is the government of the opinion that Mr. Justice Smith can adequately discharge his duties as chairman of the Canada labour relations board at the same time that he is a justice of the court in Manitoba, and are any steps being taken to appoint someone to the position of chairman of the Canada labour relations board?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the question raised by my hon. friend is an important one. It is at present under consideration in the Department of Labour. It may be that the services of the new justice will be required for an interim period, but no final decision has been reached. The decision will be taken in the light of ensuring the efficiency of the Canada labour relations board.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, June 20, consideration of a motion of Hon. Walter L. Gordon (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. Nowlan.

Mr. Nielsen: Mr. Speaker, when we rose last night I had made two points in connection with the budget. The first one concerned the increased tax exempt period for new mines in order to encourage industrial and mineral development in northern Canada, including that part of Canada below the 60th parallel. I also made the point that it is high time some consideration was given to increasing the basic income tax exemption for residents of northern Canada in order to stimulate the development of these areas of this country.

I want to pass now to a discussion of the effect that the 11 per cent sales tax on building material is going to have in the north. Since the passage of the National Housing Act in 1935, and until 1957, in a period of some 22 years there were only two homes built in the Yukon under the National Housing Act. Obviously it was not working. As a result of amendments and enlargements made in that act by the previous administration to encourage home building, building has surged ahead in the north. I submit that building has a very direct bearing on the rapidity with which the north is going to develop. Well over 100 homes have been built in the Whitehorse area alone as a result of the enlarged provisions of the National Housing Act. I can tell the minister, without any doubt whatever, that the imposition of this 11 per cent sales tax on building materials will so affect house construction in the Yukon as to virtually bring it to a standstill. The 11 per cent tax is damaging enough in the southern areas of Canada when it is applied to home construction, and I think the minister will soon see how the number of starts will diminish as a result of this burdensome tax, but it is absolutely killing so far as home construction in the north is concerned. I would urge the minister to consider the suspension or removal of the sales tax on building materials in so far as these areas of Canada are concerned.

Certainly it is a tax that should not be imposed at all, because it is going to be so burdensome on those who are attempting to build their own homes in Canada that house construction will be seriously diminished indeed. I do not believe I am alone in these views, because some of the national press comment has been severely critical of the imposition of this tax. For instance, the June 15 issue of the *Globe and Mail* had this to say:

> Look at the whole thing carefully, and it is clever, if not particularly scrupulous. Rather like a store that offers two articles for the price of one, having first thoughtfully doubled the price of the one.

This, of course, is a reference to the $500 bonus for winter home construction that the Minister of Labour announced the other day in the house. The *Globe and Mail* in the same issue went on to say:

> It could work; but is it the kind of economic philosophy that is reassuring in a finance minister?

The president of Belcourt Homes in Montreal had this to say:

> The manufacturers' 11 per cent sales tax on building materials will automatically bring with it a $700 to $1,500 increase in the price of new homes and knock a lot of small builders out of business.

I think we all agree that one of the needs of this country for many years has been the supplying of a sufficient number of homes in order to raise the standard of living of our citizens throughout the nation. I think

there cannot be any serious argument advanced but that some of the most aggressive measures in Canada's history were taken by the previous administration under the terms of the National Housing Act to bring about an accelerated home building program in Canada that has heretofore not been matched. It will certainly be difficult to equal the record for home building in the last five years. Surely we should be looking not toward the imposition of a tax that would curtail home building in Canada, as this one will, but rather toward incentives to build more homes. It seems to me that the Minister of Finance, perhaps in his desperation to find sources of revenue in order to pay for election promises, has had to penalize one of the areas of our economy that could least stand these penalties.

I want to pass now, Mr. Speaker, to a brief reference to the Carter commission on taxation. Perhaps as a result of representations made by my colleague from the Northwest Territories, I understand the commission will be sitting in Yellowknife, Whitehorse and Yukon. I believe the Whitehorse sitting is going to be on July 23. Perhaps, therefore, any further representations which people have in respect of taxation in the north can be brought before that commission and the minister might have an opportunity to consider them when the commission reports.

I wish to deal now with another sector of northern economy, that of the mining industry. The future of the north is essentially a mining future. However, I do intend to make a few remarks in order to set the record straight concerning the Dawson city festival and the tourist industry in the north. The mining economy in the north also is one which, if it is to develop at all, needs special incentives in order to induce risk capital to come to that area. Mining capital is high risk capital. It is capital that is invested at approximately a ratio of 20 to 1.

If we stop for a moment to consider, we will realize that before any mine can go ahead it has to develop a community; it has to develop housing, schools, roads and communications. If we consider for a moment the effect that the 11 per cent sales tax will have on the development of the mining industry, having regard to these facilities I mentioned, homes, schools, and the like, we can see immediately that this statute is going to reach its tentacles into this area to throttle or seriously set back the development of the mining industry in the north.

Instead of taxation measures such as these proposed in the budget, surely there should be measures which would, first of all, induce high risk capital, Canadian or foreign, to come into the north, and measures which will encourage the development of mines. I see no such measures in this budget, despite the repetitive statements that were made by the present minister in his book "Troubled Canada". I suggest, in keeping with editorial comment, that Canada may be just as troubled after the budget as it was before.

One of the most important things in the north, of course, is communications, the building of roads and land lines. The establishment of communications is very essential to the development of the whole of the nation. Without adequate communications the Canadian west would not have developed. Similarly, without adequate communications the 40 per cent of Canada lying above the 60th parallel and the northern portions of the provinces will not be adequately developed. Under the last administration there was a very dynamic roads to resources and development roads program which encouraged the development of the resources throughout the whole of northern Canada, including the northern portions of the provinces. I do not see any mention at all of this in the budget; as a matter of fact I see a serious lack of reference to it in the current estimates.

I am told that one of the commitments the Prime Minister made while on a visit to Whitehorse was that when a Liberal government was elected a road would be constructed from Whitehorse to Skagway. This is what the Liberal candidate in my riding quoted the Prime Minister as having promised him, and it was one of the things on which he campaigned. I certainly hope this is so and that the Prime Minister and his government will construct that road to Skagway, because it will of course give us access to Tidewater through the Alaskan Panhandle and is essential to the development of our resources in the Yukon.

The Liberal candidate in my constituency also quoted his leader, the present Prime Minister, as promising that when a Liberal government was elected the Alaskan highway would be paved. There were no ifs, ands or buts about it, and as there is no indecision in this government I assume that the Alaskan highway paving program will be proceeded with immediately. However, I was rather disappointed not to see any reference in the budget to these projects. We, in the Yukon, would certainly like them to be proceeded with, at the earliest possible moment. We have no doubt whatever that the Prime Minister will adhere to his word and proceed with them with the least possible delay.

Mr. Speaker, before I proceed to a discussion of the festival matter I wish to say a

word about patronage. Before 1957, not affected by the tradition which seems to exist in Quebec and certain portions of the maritimes, I thought that the conduct of the previous Liberal administration in the Yukon was something less than fair in dealing with the disposition of public works and services to those who wished to perform them for the government. In some cases tenders were not called at all and in a good many other cases people were selected to carry out undertakings for the government because of their political partisanship. After 1957, quite apart from any feelings which I think existed (perhaps not exclusively in any one political party) with respect to patronage but because of a feeling that I did not think this was fair, I caused correspondence to be sent to all departments of government—any minister who sits opposite now may verify this simply by checking his departmental files—requesting that in all cases public works and services of all kinds should be called for by public tender.

I am very disappointed to see that despite six years under the Progressive Conservative administration, where the previous policy of patronage had been eliminated there has been a resurgence of his ugly and dishonest practice. I say that it is crooked; in fact I would say that it is corrupt, because all that it indicates is a pay-off to political friends for assisting a political party. Patronage is being employed once again in the Yukon territory in order to pay off political friends. I say to the government benches, let us get back to the fair practice of calling for tenders for all public works and services and completely eliminate this ugly practice of patronage. There is no reason for it, and in my view every Canadian has an equal right to bid for every public work or service that the government requires.

Now, Mr. Speaker, I wish to say a word about the Dawson city festival. I am very sorry to see that the Minister of Northern Affairs and National Resources is not in his seat, because these words are applicable to his department more than to any other; his departmental officials had a great deal to do with the planning of this festival. It has been referred to by the Secretary of State and sometimes parliamentary assistant to the Minister of Finance as one of the reasons for the deficit. I believe in his most recent remarks it was referred to by the Minister of Finance himself as a fiasco. Yet when I asked the Minister of Northern Affairs and National Resources on two separate occasions in this house to produce the other side of the picture in order to let the house judge on a fair basis, upon production of all the facts, he refused to do so. I telephoned his office last week in order to obtain figures, and these have not been supplied to me.

It seems to me only fair to put on the record both sides of the picture. Certainly the festival suffered a deficit of $80,000, but I do not see any difference between the federal government bailing out the Dawson city festival to the tune of that figure, or even to the tune of much more, and what was done, if I recollect accurately, during the time Mr. St. Laurent was prime minister, when $250,000 was granted to the Stratford festival in order to bail it out, and this was matched by a like sum from the provincial government of Ontario.

I do not think it is wrong to invest in festivals if this is going to attract tourists to this country. Tourism from the United States to Canada last year produced a revenue of over $550 million; for the first time we had a favourable balance of tourist dollars with the United States. If it was wrong, surely the government of Ontario would not be going ahead with Upper Canada village to the tune of an investment of $2½ million, and surely the federal government would not be going ahead with the restoration of Louisburg. The preliminary cost estimates of the partial restoration of Louisburg amount to over $10 million.

Mr. Speaker, an hon. member has just asked a question which I did not hear. I am told by my colleague that it referred to Canadian players appearing at the Stratford festival, and I am sure that not only Canadian players have appeared at that festival, as the hon. lady would know if she has ever attended it. Surely it cannot be wrong to invest over $2 million in Barkerville in British Columbia. The fact is that the Dawson city festival was a financial success if it is viewed not in terms of revenue from the festival itself but in the proper terms of including the revenue from those people who came to see the territory as a result of the festival being there.

I have here a summary that I managed to obtain, quite apart from the assistance of the Minister of Northern Affairs and National Resources, in connection with the festival. There were a total of 18,545 visitors to Dawson city during the festival. They chose Dawson city itself, quite apart from the Yukon. They all had to go through British Columbia and Alberta to get there. Six thousand of these visitors stayed in Dawson city an average of three days, 5,000 stayed an average of two days and 7,545 stayed an average of one day. The estimated daily expenditures per person is figured at $25, which would include accommodation, meals, tours, theatres,

gasoline and car maintenance. The estimated gross revenue for Dawson city alone was $888,625 as a result of the festival. The number of visitors in 1961 was estimated at between 6,000 and 8,000, almost three times as many as the usual number. A total of 3,904 cars came to Dawson during the period, and between July 1 and August 18 the average number of visitors per car was 2.5, totalling 14,510. The estimated tourist revenue from the festival was $1,200,000.

Mr. Deputy Speaker: Order. I regret to have to tell the hon. member that his time has expired.

Mr. Richard Cashin (St. John's West): Mr. Speaker, this is the first time I have had an opportunity to speak in this twenty sixth parliament. Some hon. members may recall that I had the honour of sitting briefly in the last parliament. At that time I did make my maiden speech. However, as the election was subsequently declared void *ab initio*, I wonder if I am now in the unique position of making my second maiden speech.

I should like to say it was a pleasant change to see the government bring in a budget, and I hope we have returned to this practice. No doubt an awful lot of the fussing and fuming we have heard from hon. members opposite stems from the fact that this is, for some of them, a very novel experience. Those six years of frustration while they were attempting to govern the country have suddenly burst forth; they have been relieved of responsibility. I would ask you, Mr. Speaker, and all members of this house to bear with them in the great transformation which has come over them. We should not take all their remarks too seriously, because I am certain they are not meant too seriously. Surely the hon. member for Bow River (Mr. Woolliams) could not have meant all those things he said; and I am sure the little lecturer who spoke last night, the former parliamentary secretary to the minister of finance, did not mean them either. We enjoyed his lecture last evening. The philosophy he used must be this; do as I say, not as I do.

This was a bold budget and an imaginative one. As we have seen, it was obviously beyond the scope of certain members. All the things which this government advocates may not meet with the desired measure of success, but the fact remains that we have a government in Canada willing to take the action necessary to solve some of the chronic problems which have caused so much debate here. I am pleased that we have a government with the courage to act, with the imagination to cross new frontiers and with men and women capable of bringing these aims to fruition.

Certain hon. members of this house have amused me by their reactions to some of the things which have happened. I refer particularly to those hon. gentlemen sitting opposite me and to my right. It seems they have now become the new champions of strict adherence to custom, tradition and precedent. Evidently they do not approve of reaching for outside help. I must confess that I for one totally disagree with this most narrow view. I feel that far too often governments in their deliberations have been too cautious and too concerned about doing things in a particular way simply because this was the accepted way of doing things, the way which they had been done for years and years.

If progress is to be made by doing something differently, then we should do it. This generally is in keeping with good Liberal and good reform thinking. It would seem in light of their recent statements that hon. members opposite to my right have emerged as the new champions of the status quo. Fortunately for Canada, the populace decided they needed a new and vigorous government capable of adjusting the role of government to changing times and capable of using whatever brain power is needed in order to give the people who elected us their money's worth. I would like to think that the Canadian people have at long last a government which is not afraid to make departures from the ordinarily accepted way of doing things.

One of the most important departures we must make, it seems to me, is in the field of economic planning. This is a phrase which has been bandied about a great deal, and one which would seem to have different meanings to different hon. members. The former government felt that by setting up a number of sterile boards they had launched Canada on a great forward path. Their actions showed that not only were they unaware how to begin planning, but that they did not know what it was that needed to be planned.

There has always been a notion that private enterprise can function more efficiently than public enterprise and that consequently it is only in areas where private capital will not venture that it is respectable for public investment to operate. Yet we have seen, in the experience of other countries more rapidly developing than ours, the wisdom of energetic planning. I suggest that if we in this country are to make proper use of our natural resources, raise our national productivity, reduce unemployment and generally improve the living standards of the average

Canadian, then our government must be prepared to venture forth with daring into hitherto unexplored areas.

I heard some hon. gentlemen opposite criticize the Minister of Finance for making statements in the budget address relative to matters three or four years hence. I do not criticize him for this; I praise him. Surely it would be a most backward step if the budget of a nation were brought down without long range proposals and if those responsible for its introduction regarded it in terms solely relative to the fiscal year in which it was introduced; that is to say, if they saw it as meaning merely an intention to raise so many dollars in a particular year and spend them in a certain way.

I suggest that in recent years the successive governments of our country have been too shortsighted. We must not only plan for our national development in terms of our present needs but we must be able to foresee as far as possible the consequences of our actions, and they must not be stop gap measures but part of an over-all plan. Some people feel that the change in the role of government since the thirties has gone too far. Others are content as long as no emergency arises. Still others point with pride to the fact that the welfare society in which we are supposed to be living has made great progress in the past 30 years as reflected in the lives of average Canadians. They would like to forget the fact that when one looks at the gap existing between people in low income groups and those in higher income groups, relatively little has changed.

I do not believe socialism is the answer. I think that with proper thought and study and by making available to our government and to parliament the best brains in this country and, indeed, in any other country, then and only then can we move forward at a faster rate. I think we have the means within our system to provide equal opportunities for all Canadians. While we have no doubt made progress, there is still a long road before us. I suggest that every young man or woman has a right to free educational opportunities at all levels, and that every family should be free from the torment of medical bills. I am not the first to advocate such things, but there is always the cry about the cost. The answer to that is, if this country is governed properly, and if we take the necessary measures to expand our economy, the money will be available. We shall not achieve it if we follow the narrow approach always taken by the hon. members in the Conservative party, an attitude which seems now to be expressed by our friends in the New Democratic party.

[Mr. Cashin.]

As hon. members are aware, I come from the newest province of the Dominion of Canada and, as a result, I am concerned about the treatment given by the government to primary producers in various fields. I suggest that up to now there has been unequal and unfair treatment. Yet if this country is to develop and all Canadians given a fair chance, not only to make a living but to make a better living than that made by their forefathers, this government will have to adopt a broader view than that adopted by previous governments.

I refer particularly to the primary producers in the fishing industry. In the past they have not received attention commensurate with that received by agriculture. Mr. Speaker, Canada is the only important fish producing country in the world without a national fisheries development program. The individual fish producing provinces are obviously limited in what each of them can do. Fortunately we already have the assurance that a conference to discuss such a badly needed policy will be called shortly, and I think it is a significant omen for the success of this conference that the Prime Minister has already made an important announcement relative to the 12 mile limit which will, of course, be of considerable importance to the fishermen of this country. Mr. Speaker, this establishment of the 12 mile limit is just one of the steps to be taken by our government if anything constructive is to be done for our hitherto neglected fisheries. This does not answer the gnawing question of the great disparity in price between what primary producers and consumers have to pay.

Now, Mr. Speaker, there are major obstacles created not by a lack of fish resources but which arise instead from the difficulties which are basic to primary industries. These are a deficiency in marketing development, in orderly marketing and price stability; inadequate insurance against yield uncertainty; the need for quality improvement; inadequacies in credit and in programs designed to help fishermen to adopt the latest in equipment and technology; and the need for development programs for communities attempting to adjust to changes in the fishing industry. If these problems are to be met at all they can only be solved within the context of a renewed program of national development.

Now, Mr. Speaker, in a house with such heavy representation from agricultural areas it may seem a little unusual to find speakers advocating the implementation of certain basic measures to reduce price uncertainty. However, at the present moment the fishermen of this country operate without a substantial degree of price assurance, yet

without this price assurance fishermen cannot effectively plan their operations prior to the opening of the fishing season, nor can they plan or even afford a longer term investment program to raise their productivity.

Despite this need there is an amazing contrast between price stability measures available to fishermen and those available to farmers. Between 1944 and 1962, when you adjust the difference in the number of people in agriculture and the number in fisheries, the fishermen received only one seventh of the price stabilization support given to farmers. The experience in agriculture suggests that price support for fishery producers can be substantially strengthened without detriment to exports.

The comparison between agricultural and fisheries support programs does not end with stabilization measures. The gap in fisheries policy creates an urgent problem for fishermen concerned with salt fish products. The solution here, I suggest, would be the creation of a national marketing board similar to the Canadian wheat board, to provide fishermen with the price assurance and market organization they now lack. The deficiencies are far more appalling when we realize that the number of fishermen, particularly in Newfoundland, is decreasing. Another of the major deterrents to a sound and planned investment by fishermen to increase their productivity is the risk of yield uncertainty. The availability of technical knowledge and improved equipment will reduce this risk. Nevertheless measures providing for some form of catch insurance or compensation are also needed.

In the field of agriculture, crop insurance since 1939 has cost the government $185 million, a sum 1,000 times greater than the federal costs under the fishermen's indemnity plan for loss of boats and gear; and no program exists to compensate fishermen for poor catch. I also might add that I believe in the vicinity of $123 million has been paid out in acreage payments to western farmers.

Now, Mr. Speaker, I am not unaware of the differences between these two primary industries, but the great disparity between the government's concern for agriculture and its concern for fisheries must make it clear to all hon. members that the time has come to give equal treatment to our primary industries. In this regard I might mention that the Minister of Fisheries recently visited my province, and I can say made a tremendous impression there. I hope when this matter comes up for study it will have the support of all hon. members of this house, because I am sure it is in keeping with our thinking that if we can do this for one primary producer then surely primary producers in other fields are deserving of the same treatment.

In the earlier part of my remarks I commended this government as one which I believed would venture forth into—I believe these were the words I used—new and unexplored areas. Although I am not, and I do not think many hon. members here are, a financial or economic expert, when it comes to economics I am consoled somewhat when I look at the spectrum and see so many learned men in that field having such opposite views. I do not suppose that there is anything likely to cause so much disagreement. But I am inclined to support those who favour the concept of planning. This may, of course, mean that governments will get bigger; it will depend on how efficiently it is done.

Then on the other side of the coin we have people who in their overzealous regard for the freedom of the individual would drive our thinking back 20 or 30 years because they cannot comprehend this kind of government of which I am speaking operating in a society which permits the fullest freedom to the individual. I suggest that if there is a challenge to our time—there are, indeed, many—to me I see it as this; to be able to move forward in this new direction; to be able to have this more active participation by government yet at the same time preserve the freedom of the individual.

Mr. Speaker, may I call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Cashin: Mr. Speaker, as I was saying before we adjourned for the noon recess, I am concerned about the direction which this country will take, and I expressed the view that we must approach its problems in a more imaginative way than we have hitherto been doing. I believe I also made reference to my concern about the freedom of the individual. Indeed, there are some hon. members who are concerned about this to such a degree that they are blind to all else.

One of the challenges before this government will be to move in the direction that requires more economic planning and, if you like, more government regulation and yet at the same time preserve the freedom of the individual. But even under our present system, with the way the Canadian government has been going over the past 10 or 20 years, there are those who have criticized and based their criticism on an outmoded approach

to the free enterprise system and a narrow concern for the freedom of the individual. I think this is unimaginative because if we cannot accomplish both these things, that is, more government action and maintain the freedom of the individual, then our system has failed.

Also this morning I made reference to the reaction—and I use that word in its fullest and broadest sense—of hon. members opposite. As I have said, they have been loud and it is a very great pity that the wisdom of their words has not equalled their volume.

I have in my hand an article which recently appeared in the Hamilton *Spectator*. I do not say I read always this newspaper, but I am glad I did on this particular occasion. It contains an article by Mr. Charles Lynch of the *Spectator's* Ottawa bureau.

Mr. Fisher: He is a bit of a hero around here.

Mr. Cashin: It says:

> Throughout their time in office, the Conservatives had trouble getting experts to come to Ottawa to work, and this may account in part for their rage over the way Finance Minister Walter Gordon pulled his pets into the finance department.

I think that is just what it is. We cannot take all this to be serious because after all the poor fellows now in opposition had a hard time of it during six years in government. They had an overwhelming majority and they failed the mandate that was given them. It just goes against the grain a little for them to see a government getting down to the job of running the country, and doing it very well.

When I was a little boy, and Mr. Speaker, as you can imagine, that was not so long ago as some other hon. members, I was told by my dear old grandmother to be always mindful of the guy who shouts loudest because he is the fellow who has least to say.

An hon. Member: Why shout it so loudly?

Mr. Cashin: I shout it so loudly because as a young man, fresh from two Canadian universities, one of the greatest disillusionments I experienced in this session of parliament was the reaction of hon. members to my right. They like to show themselves off to be something which I have now discovered they are not. They like to talk in highfalutin phrases and like to think they are looking in a forward direction; but when they too are confronted with the spectacle of a government getting down to the business of a country, they show we have now a second Tory party in Canada. They too object to making available to the government the best brains in the country.

All of the measures we have set out will not be successful. The important thing, however, is that most of them will be successful, and that we have a government that will venture into hitherto unexplored areas.

An hon. Member: The wilderness.

Mr. Cashin: Some hon. member mentioned the wilderness. We spent six years in the wilderness. I also heard another opposition member say during the course of his speech that this government was not equalling the record of the previous one. I certainly hope he is right, for the sake of our country, because we had six years of mismanagement. Now that they are in opposition I think we ought to bear with them in their new experience and in their relief of being free from the responsibility of government. In answer to the hon. member for Brome-Missisquoi (Mr. Grafftey) I say that the philosophy of the opposition should be, "Do as we say, not as we do".

(Translation):

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, last Thursday the new Minister of Finance (Mr. Gordon) introduced his famous budget which was prepared by outsiders, that is persons who had no mandate from the people to prepare such a budget.

As can be seen in the speech, the changes put forward in this budget do not favour the classes of society that built Canada and made it one of the most beautiful and one of the richest countries in the world as far as production is concerned.

In preparing this budget, the Toronto vested interests made sure that it was to their own advantage and to the prejudice of the worker and the farmer. But they overlooked an item which was detrimental to them. I refer to the 30 per cent tax on foreign investments in Canadian companies. And as soon as they realized their oversight, the present nightmare of the Minister of Finance began. The president of the Montreal stock exchange who is also the president of the Canadian stock exchange, Mr. Eric Kierans, the Liberals' great friend who campaigned against Social Credit in the April election, that socialist millionaire, as he liked to call himself during an interview with the press, that socialist and liberal millionaire who is interested in socializing everybody and everything except himself, soon came to the rescue of high finance, and that without the slightest embarrassment, in a jiffy, during an interview he had at 5.30 on June 18 with the Canadian Minister of Finance, he made the Minister of Finance change his mind and suspend the enactment of the 30 per cent tax on foreign investments

in Canada. And the Liberal party complied, obeyed, bowed and said: "Yes, boss", when faced with the demands of high finance to which it is much indebted since April 8 last.

Since the last general election, the Liberal party is more than ever forced to submit to high finance, to kowtow to it, to attend to its needs, to nurse it; and that, at the expense of the people, of the workers and of the farmers, because the election of the Liberal party and the campaigning against Social Credit in this country have been an expensive venture for the high finance.

The Liberal party committed a sin against high finance in its last budget, and the financiers soon called it to order, causing a turnabout, a political somersault, so that the bankers might go on abusing the people.

"Let us free the banking world from taxes and shift them upon the poor, upon those who have not the means to defend themselves," thought the Liberal party, because the more we shall free the financiers from taxation, the more they will be allowed to take advantage of the poor; the more poor people, the more rags; the more rags, the more paper; the more paper, the more dollars printed; the more dollars printed, the more capital created; the more capital created, the more cartels, trusts and banks that can be founded. The more banks you open, the more loans you promote with credit; the more loans, the more debts, and the more debts there are, the greater the number of poor people. And the poor are in rags and the vicious circle goes on with the old parties.

Those are the effects of a false, dishonest and crooked economic system which, in order to last brings about cycles which are called crisis, restriction and unemployment.

And to get out of unemployment in our economic context, we need war or a state of war or preparation for war or a national defence budget as the one we have this year.

Because with war you get destruction, and with destruction you get peace, and with peace re-employment comes back, and employment leads to prosperity, and prosperity leads to overproduction, and with overproduction there is unemployment, and unemployment leads to poverty and hunger, and when there is poverty and hunger people give up hope and wish for war, and that vicious circle goes on with the old parties and with an unrealistic financial system.

In this twentieth century, when we boast of the fact that we have harnessed water power, as well as all kinds of power, also that we have put water, air, machinery and atoms at the service of man, and when billions of dollars are spent in the world to conquer space and visit other planets, after all those achievements by man, we have not even succeeded in taming money, in putting money at the service of production and production at the service of man.

Because money, Mr. Speaker, is only a means of exchange and we of the federal government continue to give free rein to a financial system which makes for the exploitation of man by man.

The indignation of Social Crediters at such a system has been going on for more than 30 years, Mr. Speaker. Our system leads to stagnation, depression, extreme poverty, while millions of potential consumers are still waiting for a minimum living wage.

During the last ten years, for instance, what did the two old parties do to escape the disastrous fate of a crisis of which there are already many signs? What did they do to permit a fair distribution of those goods which machinery is ready to produce in quantity and in quality?

Our financial system is like a youth who would have outgrown his child clothes and whose blood circulation would be affected by the pressure of his clothes on his arteries.

As soon as a war or some disaster rips his clothes, he comes to life again. When will we get rid of that financial strait-jacket which is choking our country? Surely, we will not do so by following the steps of the two old parties which believe that we can bring back prosperity to Canada by borrowing and imposing more taxes on Canadians.

In 1957, before the general election of March 31, the Conservatives gave the Canadian people the impression that if a Conservative government were elected, a big fight would be started against the Bank of Canada and the tight money policy of the Liberal party.

That comedy was a true repetition of the promises made by Mr. Mackenzie King in 1935 and which he consigned to oblivion once he was in power with a large majority.

Instead of fighting tight money, the Conservative party gave us a little more of all the things the Liberal party had been giving us before 1957.

And now that the Liberals are back in power they are preparing to give us a little more taxes than the Conservatives had given us after 1957.

The 1963 federal budget indicates that it will cost almost $1 billion in interest, merely

to finance our public debt. We see no trace of financial reform in the budget.

Taxes are boosted for the small wage earner, the worker, the farmer, the small industrialist. They are overburdened. They are investigated. They have to pay fines. That is all they are given: taxes and fines.

As a result of all those taxes, a smaller number of rich people will become richer and a larger number of poor will become poorer. Then some people will be surprised one day when the taxpayers rebel against the tax-gatherers.

Coming back to the budget, Mr. Speaker, I believe that it clearly indicates that it has not been prepared with an election in mind, because we know quite well that should that have been the case it would have probably been more advantageous for the people.

Family allowances would certainly have been increased, taxes reduced, no 11 per cent tax would have been imposed on building materials, a tax which affects the poor more than the rich.

It is claimed that unemployment will be reduced, but politicians pay only lip service to this objective, because with an 11 per cent tax on building materials, the only result will be an increase in the cost of construction, and, therefore, construction in Canada will decrease and unemployment will consequently increase and so will the price of houses, rents and the cost of living.

Taxes create unemployment, the unemployed require unemployment insurance and unemployment insurance requires increased taxes, this is the vicious circle of a ridiculous regime.

Having had the opportunity of sitting in this house when the Conservatives were in office in 1962, and having been re-elected to this twenty sixth parliament, I have been able to see to date what I believed for 20 years: both old line parties act exactly the same when in office.

They are the offspring of the same financial sire, and I am scandalized, Mr. Speaker, to see the negligence and the lack of seriousness of both old line parties when they consider the problems of a nation of close to 20 million.

They beat around the bush without ever finding a solution to the problem; they pretend to try and solve the problem, they launch surveys, they appoint boards, they create new departments, they shift taxes, but they always make sure that they are raised at the same time.

And all the time, farmers and workers are living with the hope that a solution may be found, but they can be sure that they will never see the day when a solution is found and implemented.

To prove my remark to the effect that the people are sinking deeper into indebtedness, because of the inability on the part of the government to find a solution, I wish to quote a Canadian Press release published in *La Presse* of Montreal on June 7, 1963. That item was entitled:

Canadians' debts tripled since 1954.

—Canadians at the present time owe the banks, in personal unguaranteed loans, about three and a half times as much as they did in 1954.

Accounts in departmental stores, both current and revolving budget accounts, have doubled during the same period.

The dominion bureau of statistics estimates that the total outstanding amount of consumer's credit as at March 31 was $3,664,000,000, an increase of $301,000,000 in a year.

There are no figures available for unpaid accounts due doctors, dentists, hotels, transport companies and public services or concerning loans among individuals.

One of the most important increases which has taken place within one year relates to loans made by banks to individuals and payable at fixed dates. They have increased by 13 per cent, amounting to $1,206 million while the corresponding figure was $1,067 million on March 31, 1962. By the end of 1954, those loans amounted to $351 million.

While they amounted to $65 million on March 31, 1962, loans for home improvements made by the banks under the National Housing Act have only increased by 3.1 per cent in one year, to reach a total of $67 million.

Cash loans made by small loan companies went up from $572 million to $658 million within a year, an increase of 15 per cent.

Conditional sale agreements underwritten by loan companies for current consumer goods had reached a total of $771 million by the end of March, 1963, while the corresponding figure a year earlier stood at $732 million.

Accounts outstanding in department stores increased within a year from $324 million to $383 million. At the end of 1954, the corresponding figure was $186 million.

Three and a half times more debt than in 1954, that is to say a debt increase of 350 per cent, and that within eight years.

Why did the Canadian Press not mention that before the federal election, that is about two months before? If the aim of the Canadian Press is to guide the public and keep the people well informed, it would have been well-advised to publish that communique before the election, to put voters in a better position to judge both old line parties.

Three and a half times more debt than in 1954, and still the old line parties brag about prosperity. Who is crazy?

When the Conservatives were in power in 1962, they said everything was going fine under their regime, much better than under the Liberals.

They were defeated, and now they think everything is going wrong. As for the Liberals, when they were in opposition, they said everything was going wrong under the Conservatives, but now that they are in power, according to them, everything is going fine and people abroad have regained confidence in our economy.

When they are seated on your right, Mr. Speaker, the two old line parties both say everything is going fine, and when they find themselves on your left, both say things are going wrong. The only difference between your right and your left for the two old line parties, Mr. Speaker, is that the pork barrel is on your right, and it is then that things are going well. Bunch of jokers. The old line parties are the docile servants of financiers who pay for their elections and pay themselves back afterwards.

The Minister of Finance consults financiers to draw his budget in order not to displease them, and when he finds that part of it is not to their liking, he removes it to suit the wishes of the sharks of high finance, who have shown themselves in their true light at the last election and who now prove that only Social Crediters were right, because we were the only ones to denounce them.

The Minister of National Defence (Mr. Hellyer) follows the dictates of the Americans with regard to nuclear arms because they gave so much to the election fund of the Liberal party to help them fight Social Credit, that they must now be paid back.

The Minister of Trade and Commerce (Mr. Sharp) sees the price of sugar rising to a scandalous height and that is also to pay back election expenses.

The Minister of Agriculture (Mr. Hays) penalizes the farmers for their plentiful milk production by cutting off the 25-cent subsidy per hundredweight as well as the lime subsidy. Everyone will pay many times over the election expenses of the Liberal party.

The budget of June 13 does not mention the farmers and the workers, except to increase their taxes.

Produce more, workers and farmers, and we will tax you more, because you are the two most productive social groups in the country? We must keep you poor, the two old line parties seem to say, because we want to be able to keep on exploiting you.

They can make pretty speeches, tell you that they will study your problem, that they are anxious to solve them, that you must be patient and they will help you, but these are only words and talk is cheap. And all this is rather easy. We will repeat those encouraging words at the next election and we will tell you again that farmers and workers are the cornerstone of our society. But after the election, we will put you a little deeper into debt, burden you with taxes and exploit you, as is the case since the last federal budget.

Our system is wrong, absurd and unhealthy, and it will lead us inevitably to ruin, because the Canadian parliament has surrendered its responsibilities in the most important field, that of money and credit.

Those who control money and credit have become our masters, to such an extent that "without their consent, one can no longer breathe", as stated by Pius XI in his encyclical *Quadragesimo Anno*.

The federal parliament reminds me somewhat of the owner of a car who would give it to his neighbour. When he needs it, he gives his neighbour 15 cents an hour to use his own car.

It is possible for the federal parliament, through the Bank of Canada, to obtain the credit it needs without borrowing this money or credit from private companies known as chartered banks.

Why pay 15 cents a mile to a neighbour in order to use one's own car? Why pay $1 billion in interests to chartered banks to supply our own credit, when we can do it ourselves through the Bank of Canada? It is just as stupid to pay $1 billion in interests to chartered banks than to pay 15 cents a mile to a neighbour for the use of one's own car.

Social Crediters are not against chartered banks as such. They are private institutions and it is only normal that they be authorized to lend their capital. But what we condemn, is that the federal government should allow chartered banks to create money under the form of credit and to lend it to individuals, provincial governments and school boards and, what is even more shocking, to lend that credit which is after all only figures, to lend those figures to the federal government, which should be the only one to have authority in that field.

The function of the banks is to lend money, not to create it. Now, when the

federal government gives the banks authority to open a credit account of $100 in favour of someone when all they have is $8 in available cash or in securities or in reserve funds, this means that the federal government gives the banks authority to lend $92 which they do not have. They can do it and as a matter of fact they do, by giving credit to the borrower who, after having signed an acknowledgement of indebtedness, can circulate $92 in cheques drawn on a new credit, which will be transferred from one bank account to another.

And the bank makes all those transactions without giving a single dollar and without even reducing the account of anybody.

Moreover, it will charge 6 or 6½ per cent interest on 92 per cent of the money it lends, without having to disburse anything. That is creating money out of nothing, or creating credit money.

The creating of money is the responsibility of the supreme authority of a nation, which is the government. The issue of credit, which represents 92 per cent of all money today, should also be the responsibility of the federal government, which would control it through the Bank of Canada.

Why does the federal government borrow its money or its credit, when it can create it?

The bankers who had conferred upon them this power to create credit instead of the government, get such fabulous sums from this fraudulent transaction that, by means of their election funds, they easily control the politicians of the two old parties who could change those conditions if they were not bound hand and foot.

The politicians of the two old parties disagree as to colour, but they are the products of the same paint firm.

I would like to quote here some evidence submitted to the banking committee in 1954, by Frank O'Hearn, director of the office of valuation and exchange in Toronto, as printed in volume 2 of the minutes and evidence of the standing committee on banking and commerce.

Concluding a very long and interesting statement, he declared:

> That on behalf of the 16 million Canadians who, without their knowledge, are deprived of $10 billion of savings in cash earned with great effort, and that to their greatest detriment.

And he added:

> The chartered banks have at this time (in 1954) accumulated securities of all kinds, which amount to an approximate total of $10 billion. As strange as it may seem, they acquired all those assets from the Canadian people and the federal government, while paying absolutely nothing for it. What has come about because, first of all, banks have accumulated those holdings, without risking a single cent of their own money; they obtained everything by trickery. It is time for them to give back those ill-gotten gains or to pay for them.

[Mr. Rondeau.]

Other statements along the same lines, and quite as interesting, have been made one after another, not by members of the Social Credit, but by people who could see through our stupid banking system. The difference between those people and ourselves, is that they saw what was wrong, as we see it, but they did not suggest any remedy, whereas we are advocating one.

It would only be a matter for the Bank of Canada of setting up an accounting system which would make it possible for Canadians to exchange their products between themselves. Because money, Mr. Speaker, is but a medium of exchange, simply a legalized measure of exchangeable values, work and wealth.

Money is a monetary measure just like other measures such as a cord of wood, a yard of cloth or a gallon of syrup. Wealth is the wood, the cloth or the syrup. The measures are the cord, the yard and the gallon.

Social Crediters would like to see the federal government through the Bank of Canada create as many measures as there are things to be measured in Canada, that is as much money as there is wealth.

I am pleased, Mr. Speaker, to quote here a news report from the Canadian Press dated July 22, 1958 and published in a newspaper of southern Alberta, the Lethbridge *Herald*, which was founded and owned by the Liberal Senator Buchanan. This report was entitled: "Money, what it means", and I quote:

(Text):

> To understand how borrowing money from the banking system can create money, it is necessary also to remember that money has more forms than currency and cents. While money exists in the form of currency, it also exists in the form of bank deposits, which are literally nothing more than entries in bank books. But they are transferred from one person's bank account to another's through the simple means of writing out cheques.
>
> In the case of the last government's loan what the banking system did, in effect, was to create $400 million in bank deposits out of the air in exchange for the government's promise to pay back this amount in five months. Every time a bank makes a loan to anyone, new money is created in the same way. It's a kind of magic carried on with paper and bookkeeping entries.

(Translation):

To summarize, Mr. Speaker, you just have to look up the Bank Act, section 71, chapter 48, where it is clearly stated that:

The bank shall maintain a cash reserve in the form of a deposit with the Bank of Canada and of Bank of Canada notes held by the bank and such reserve shall be not less on the average during any month than eight per cent—

Consequently, for every $8 of money or values deposited with the Bank of Canada, chartered banks can lend $100.

In other words, they can grant credit at interest to anyone to the extent of $92. It is this power of the chartered banks to make credit which is not fully guaranteed, that the Social Credit party wants to take away from the banks to give it to the Bank of Canada which is the rightful property of the Canadian people.

The Bank of Canada would create credit for Canadians without borrowing or adding to the national debt; it would make social capital available for Canadians.

As evidence of the fact that the creation of credit by the chartered banks is highway robbery, you just have to refer to the combined annual reports of the eight chartered banks as of December 31, 1961. You will see that their net assets total $19 billion, whereas their paid-up capital is only $275 million.

By what feat have the banks succeeded in building up $19 billion of assets with only $275 million worth of paid-up capital. It is precisely this paid-up capital of $275 million that corresponds to the true liquid assets of the banks, nothing more. The rest is made up of whole cloth.

According to the Bank Act, chartered banks can lend up to 12½ times the amount of their reserves or deposit liabilities, which means that for every dollar that they deposit with the Bank of Canada, they can lend $12.50 at 6½ per cent which amounts to 81¼ per cent profits on the paid-up capital, not to mention the profits they make from management fees, exchange charges, etc. That is how they have been able to build up assets of $19 billion with a paid-up capital of $275 million.

Our financial structures would bring about any nations ruin. They will certainly lead us to bankruptcy, and stifle all our efforts, for they are geared towards a centralization of wealth, which necessarily results in the exploitation of man by man.

Why does the federal government not use its own bank, the Bank of Canada, for the necessary financing, instead of looking for loans, sinking deeper into debt, and increasing the taxation burden to pay the interests on that debt? The federal government could easily ask the Bank of Canada to finance its various transactions.

The government could use the Bank of Canada like a man at the wheel, and through careful steering, keep a straight enough course.

By wisely directing the bank along the right financial road, the government could lead this country's economy into the proper channels, do away with debts and interests on debts, and clear up the confusion brought about by our topsy-turvy financial system.

When on June 18 the president of the Montreal stock exchange addressed himself in such a threatening fashion to the Minister of Finance, and in view of the fact that foreign investors wanted to withdraw from Canada because of the 30 per cent capital levy on foreign investments in this country, why did the Minister of Finance not reply: Well, in that case we shall use Canadian funds, through the Bank of Canada. We shall thus allow Canadian shareholders to buy shares back from you, and we intend to manage our own resources with our own credit.

As for capital—

The Acting Speaker (Mr. Batten): Order. I am sorry to have to interrupt the hon. member, but his time is up.

(Text):

Mr. Reid Scott (Danforth): On rising to participate in the budget debate let me say I do not wish to spend any time on the circumstances surrounding the drawing up of the budget and its presentation. I think too much time has been spent on that already. It is more important, in my opinion, to try to analyse the budget itself rather than the circumstances surrounding it. I do not want anything to distract from an examination of some of the aspects of this budget. While attempting to do so it is not my desire to urge upon the government any of our philosophical beliefs which it may not be able to accept. This budget, like all budgets, is part good and part bad. There are some good measures in it and we should be unfair if we did not admit it immediately. I do not want to mention them. Indeed, there is no necessity for me to do so since government speakers are notoriously not reluctant to publicize their own virtues.

There are three aspects of the budget that I should like to examine particularly. The first is the attempt to increase employment and stimulate the housing and construction industries. The second aspect I should like to analyse is the attempt to deal with the problem presented by foreign control of our

economy and the degree to which countermeasures are likely to be successful. The third matter I should like to consider might be called an omission from the budget. How is this budget going to help Canada get into the trading blocs which are forming in the world? To what degree do these proposals support the work of the Minister of Trade and Commerce (Mr. Sharp)?

In discussing the budget in relation to the housing and construction industry it becomes clear that the intention of the government is to stimulate this section of the economy. The proposals put forward by the Minister of Finance seek to do this in two ways. First, a sales tax of 11 per cent is imposed on building material acquired in Canada. This is expected to produce revenue of some $370 million. First of all, let me say it is widely accepted that a sales tax is the most regressive type of taxation possible. It affects all wage earners in Canada to the same extent, regardless of their actual income. The imposition of such a tax has already had a catastrophic effect on the construction industry. Yesterday, the halls of the House of Commons were flooded with people who had come from all over Canada to protest the imposition of this tax and to outline to hon. members and, presumably, to hon. members in the government, and those who support the government, the serious effect this tax will have on the construction industry. A roar of opposition is coming from coast to coast. In my own constituency, one of the largest manufacturers of furnaces and air conditioners has given everybody in his plant a week's notice and told them all he does not intend to carry on. He says this tax is the last straw and that costs have now become prohibitive. Well, that is an excellent way of expanding the economy.

The second thing the government is attempting to do in the field of the construction industry and housing is to change the National Housing Act regulations around. For these efforts, the government honestly deserves the booby prize. It is almost impossible to understand how they could have brought down such a proposal. They hope, by changing these regulations, to have more homes built and to reduce the amount of the down payment. I suggest that neither of these aims will be achieved. First, the government brings in a measure to give a bonus of $500 to anyone who buys a new house built during the wintertime. All the construction experts tell us that the extra cost of building a house in the wintertime is $600. This will be added to the end price of the house, so the first attempt to stimulate building will have no practical effect because the price of the house will increase by more than the amount of the bonus.

The second provision is a reduction by one quarter per cent in the interest rate paid under the N.H.A. mortgage. Well, if that is amortized over the life of the mortgage it will save the purchaser approximately $450. The 11 per cent tax on building materials will increase the price of a house by $600. Thus, the two measures presented to us as a stimulant to the housing industry will be totally ineffective. As I said earlier, it is hard to understand why a government would bring in such a provision. I would be interested to know if it was ever discussed with anybody in the construction industry or with anybody in the Central Mortgage and Housing Corporation. I ask this because, to my mind, the proposal is completely impracticable. I predict with complete confidence that it will have the opposite effect to the one which was intended. It will lead to higher prices, higher mortgages, larger carrying charges and increased down payments. For one thing, the granting of a $500 bonus in respect of houses built during the winter is already discouraging people from having houses built in the summertime. People are waiting in order to get the grant. What this demonstrates is a lack of knowledge on the part of the government with regard to the housing industry, the same absence of knowledge that it showed in another field when it sought to bring in a 30 per cent tax on share transfers of Canadian companies.

We are really missing the boat in housing. If we examine income tax returns in Canada, we find that in 1961 there were 2,500,000 people in Canada who were earning less than $4,000 a year. In that same year, the number of people earning less than $4,000 a year who were able to buy homes under the National Housing Act was 2,293. So the provision made in the budget is directly contrary to the trend we should be trying to encourage in housing today, that is to say, lower prices and lower interest rates so that a larger number of Canadian wage earners can buy their own homes.

In summary, it is hard to understand why a government which claims to be really interested in an expansion of the construction industry would single out for the lash of new taxation the one sensitive industry in the country which has the greatest potential for providing employment. Why would the government take this particular industry and handicap it and cripple it in the way these two proposals must do? I hope that at some stage an explanation will be forthcoming

from the minister, and that he will tell us the reason for this surprising step.

The other aspect of our affairs with which I should like to deal for a moment is the section of the budget which purports to deal with the problem of foreign ownership. The aim expressed in the budget is an admirable one, namely, that we in Canada must at some stage regain control of our own economy. This question has been discussed in the house many times. It is well known there is no other country in the world whose resources are controlled in so large a part by residents outside its shores. In the beginning, the need for foreign capital was a very real one. However, in the course of time extensive difficulties have been created as a result of the entry of foreign capital in such large amounts. We know that important decisions by many companies in Canada are made outside our borders. We know that decisions affecting exports by Canadian companies are made by parent companies elsewhere, and this complicates our whole export program. We need a decision as to expansion and relocation, and the hiring and firing of our men south of the border under other companies' control. We know that the outflow of dividends is creating financial strains on our economy. If the dividends are not paid to companies in the United States they are reinvested in Canada to buy up more of our country and accentuate the problem.

What has the government proposed in this regard? There seems to me to be two objectives. First of all the government told us that its long run objective on this important subject is for us to acquire 25 per cent interest in foreign controlled companies. It is hard to understand the reason for this 25 per cent. The minister in his speech said that this will provide a voice for the Canadian people. It will also provide a point of view, but it will provide absolutely no control whatsoever. It is hard to understand why the government says 25 per cent interest is a long run objective. What has really happened is that the "six buck boys" have turned into 25 per cent Canadians. The objective of a 25 per cent interest is not good enough if we are serious about meeting this problem over the long run.

The methods the government has proposed are twofold. First of all they propose this 30 per cent tax on the transfer of shares. This lasted for about four days, has now disappeared in a roar of opposition from stock exchanges both here and in the United States, and probably will not appear again. Its disappearance is highly significant, because what it points out is that the degree of foreign ownership of the Canadian economy has become so strong and extensive and powerful that this type of attempt to deal with the problem is doomed to failure. The exterior influences which can be exerted on our economy are so strong that this type of limited measure simply will not work. That to me is the real significance of the attempt to impose this tax, even though it was unsuccessful.

The second method adopted has been the attempt to fluctuate the withholding tax depending on whether or not the company has a 25 per cent Canadian owned content in it. This again will undoubtedly turn out to be just as unworkable and impracticable as the other scheme. A day or two ago a New York investment company did a survey of what it would cost to acquire a 25 per cent interest in 37 of the major companies which are now foreign owned. It was estimated that it would take a minimum of $4 billion and that the share capital required if unloaded on the market would demoralize and paralyse every stock exchange in Canada. So that of the two methods being used by this government to cure the problem of foreign ownership, I suggest one is already out of the window and the other will prove to be impracticable and unworkable.

The reason for this is because you cannot deal with the problem of foreign control over the economy by assessing penalties and imposing restraints upon foreign investors. The solution to a problem of this magnitude lies, I suggest, right here in Canada, because first of all we have to begin to generate as much of our own developed capital as we can within our borders. Second, we have to convince Canadians that Canada is worth investing in and have to urge them more and more to put their savings into their own country. So that the solution to foreign ownership does not lie in imposing bludgeoning penalties against investors.

In trying to deal with the problem we must accept the idea that foreign investment is still needed, and will continue to be needed for some time. We cannot take some action which is going to restrain this and suddenly cut it off. We can only do that after we have generated our own capital. But if we are to borrow abroad to develop our Canadian companies let the government do it by way of floating loans in the United States or elsewhere, bring the money to Canada, and through the Canadian development fund lend the money to our businessmen here. Then let the businesses use those funds to expand their growth, and when they pay the money back to the government the government can pay it back to the exterior force from which they

borrowed it. In this way the expansion is kept within our own borders and we can avoid this continual alienation of our own resources. We in this group hope that the development fund which the government has proposed will turn out to be something with teeth in it to provide the capital we need to expand our economy.

We should also interest our trust and loan companies in the business of lending and get the government itself to invest in our own resource industries. That is another aspect which has received too little attention here. If at some date all the methods of stimulation of capital in this country fail and it is necessary in the long run to reacquire control of some of these industries, we still have available to us the technique of public ownership where these industries which have been alienated abroad can be made responsible to the Canadian people once again. It seems to me that somewhere along this line lies the solution to the biggest single problem facing Canada today, namely foreign control. You cannot meet the problem by this kind of discriminatory taxation. All you are doing is helping the Canadian capitalist at the expense of the United States capitalist and it will not work. We have had the example where already the first proposal made by the government has been rescinded and the second is just as impracticable. In short, the government has set out on the road and they are just playing with the problem in restricting themselves to these sorts of measures.

Another matter is the lack in the budget of any type of financial help for the building of hospitals. I know we have been told by the government that we have to wait four or five years for the medicare plan, and we will have to accept that. But in the interval surely something could be done to deal with the scandalous hospital shortage in this country. In the area of Scarborough, which is part of my riding, we have 99,000 children under the age of 15 years. We have exactly 22 children's hospital beds to accommodate them. We have no isolation beds, beds for mentally disturbed children, for chronically ill children or for adolescents. The hospital shortage is reproduced, I am sure, from coast to coast and is a scandal which should be looked into. I do not understand why the government is not prepared to increase the grants which it is making for the construction of hospitals. The municipalities simply cannot afford to do it, and the biggest joke of all is that one of the institutions exempt from assistance under the municipal loan board is a hospital.

The last aspect of the budget upon which I wish to comment concerns the problem of trade. A great deal has been said in the house about the need to expand our export markets, to participate in the Kennedy round of trade proposals, and for Canada to make the fullest possible contribution in this regard. One thing which is missing in the budget, among many others, is a declaration of a fiscal and monetary policy for world trade. I have reviewed the budget and can see nowhere any indication that the Minister of Finance (Mr. Gordon) intends to give financial and fiscal support to the proposals of the Minister of Trade and Commerce (Mr. Sharp). Without those proposals, and that backing, all of the minister's efforts to expand trade and to participate in trade negotiations will be wasted and useless.

What we really need in Canada, and need desparately, is a trade adjustment act of our own. This would enable negotiators to be sent to trade conferences to bargain for tariff concessions, which are going to have a troublesome effect in the short run on our economy.

We must have a trade adjustment act in this country so that our negotiators will know, if they make any concessions that are going to hurt our industries over a short time, the government is prepared to back up those decisions with regard to trade by assistance to industry, and by assistance to help workers move from place to place during the transition stage. But there is not a single thing in the budget which indicates that the government is prepared to do this.

The real tragedy of it all is that time is running out for Canada. Anyone at all conversant in any way with trade problems realizes that the negotiations which will take place over the next year or two will have a highly vital bearing on our future, and our negotiators must go into them armed with all weapons possible. I am suggesting that the absence of a trade adjustment act and any real monetary and fiscal policy to back up the Minister of Trade and Commerce will result in all this activity proving fruitless and unsuccessful.

Those are the three aspects of the budget on which I want to comment, and in closing I just want to say what I said at the beginning. There are good measures in the budget, but in at least three fields the government has failed very badly. In the field of housing it simply does not understand how the house market works, and if the government would only talk to its backbenchers, a lot of whom are conversant with it, it would realize the difficulties that will arise.

In the field of foreign ownership the government is just playing around the subject because the measures it has introduced simply cannot and will not be effective. Finally, in the field of trade relations we must at some stage have a strong, firm policy, with monetary and fiscal backing, when we enter trade

negotiations. In these three fields the government has failed in the budget now before us.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, in presenting his budget the Minister of Finance remarked, as is recorded at page 996 of *Hansard* for June 13:

> —it is my further duty to indicate the kind of measures which are needed to put our national affairs in order once again.
>
> This then will be a "face the facts" budget.

Since then developments have proved that the Minister of Finance was quick to realize that the so-called facts are very hard to face, especially by himself.

During the election campaign the Liberal party cried much about the need for stable government. I am reminded of the remark made by the leader of the New Democratic party about a stable government. I must agree with his reference—the smell is definitely with us. Outside experts were brought in to work on the budget, and the hon. member for St. John's West (Mr. Cashin) who spoke earlier this afternoon, referred to the fact that the previous government had difficulty in getting experts to come to Ottawa. Does he not realize that our government departments are filled with experts for the express purpose of looking after the affairs of the country, and particularly so in the forming of a budget? If he had in mind outside experts then all I can say with reference to the fact that we failed to get them is: weren't we lucky?

With regard to the use of outside experts, in terms more familiar to me and the people of my constituency, it is quite evident that the Liberal party supports the use of moonlighters, because any man who is employed by a company, who receives pay from that company and then makes himself available for other work is nothing less than a moonlighter. It surprises me that my colleague from Cape Breton, the Minister of Labour, did not in some way point out to the Minister of Finance what a serious mistake this was.

These moonlighters are creating a serious situation within the civil service. Their employment could involve job security, and there is no doubt that it will be detrimental to future administration. There is every reason to believe that the pride of our senior civil servants has been injured, and I believe that in a lot of cases they are staying on only because of their dedication to the country in spite of the fact that they bypass jobs in outside industry which hold more potential and greater advantage for them.

I should like to refer for a moment to a report in this morning's Montreal *Gazette* which reads as follows:

> Prime Minister Pearson came to Mr. Gordon's defence Thursday by saying after a cabinet meeting that there is no question of Mr. Gordon's resignation.

There is only one interpretation to be taken from that statement, and it is that the matter of the resignation of the Minister of Finance was discussed by the cabinet. We appreciate the fact that the cabinet only discusses very serious matters and, if the matter was so serious as to be discussed in the cabinet, why should it not be passed over to a special parliamentary committee to be examined further? The government is reversing the trend. Usually matters go forward from parliamentary committees to the cabinet level, but that is being reversed in this instance. I can only hope the government will let a committee have an opportunity to go into the very serious violations of budget secrecy that have taken place in the last few days.

The Liberals talk about indecision. There was certainly enough indecision during the last two days. As yet we are not aware whether there has been a suspension or withdrawal of the 30 per cent take-over tax. It surprises me that Liberal backbenchers have not spoken about this because I am sure they have received representations from industries in their own constituencies about the effect of it.

They also have not mentioned the 11 per cent tax on building materials, and in replying to the hon. member for Vancouver East, who stated that 5,000 workers were to be laid off in Vancouver as a result of that tax, the minister had the audacity and arrogance to give a flat no when asked to reconsider it. One can only contrast that attitude with the attitude he must have adopted to the committee led by Liberal Senator Gelinas, which met with him very recently. The minister backed down at the request of that committee, and I cannot understand the arrogance of a government refusing to listen to the representations of hon. members in opposition. In fact, I am quite sure government backbenchers share some of our views on this matter.

It is interesting to recall the attack made on the pegged dollar by the Prime Minister (Mr. Pearson), the Secretary of State for External Affairs (Mr. Martin), the Minister of Finance (Mr. Gordon) and the hon. member for Bonavista-Twillingate (Mr. Pickersgill) last year. I am sorry the hon. member for Bonavista-Twillingate is not in his seat as there are a few things I would like to call to his memory, but there is no reference to altering the pegged Canadian dollar in the budget. One remark made about the pegged dollar by the Minister of Finance was to the effect that he was the first person to state publicly that

devaluation caused a stagnation of the economy. That is a quotation from the Minister of Finance who attacked the pegging of the Canadian dollar and yet he has left the situation unchanged in the budget.

No doubt the detrimental effects of the budget are being brought to the attention of every hon. member of the house, including the backbenchers of the Liberal party and some members of the cabinet. I have here a letter received today from Nova Scotia and for the benefit of hon. members I should like to bring to their attention the results of the budget in my own province. It reads as follows:

> We are enclosing a letter... that expresses our feelings exactly regarding sales tax on building supplies, especially lumber. Complying with government regulations makes so much extra work and expense, combined with 11 per cent increase in price to our customers, which has made a major decrease in our volume, has caused us to close down part of our manufacturing business, which means five men unemployed. This factory has run continuously for approximately 50 years but cannot struggle along any longer under these conditions.
>
> The economy... has been struck hard, for we have been advised of quite a number of cancellations already by people who planned to put up new buildings, and many workers are being laid off at what should be the peak of the construction season. We are bringing this to your attention so that you will know in which direction the 60 day economy is rolling.

And further, in another letter:

> The application of the federal sales tax to lumber is practically without precedent, and there will be many unforeseen developments throughout our industry, as well as allied industries. In the writer's opinion this is the greatest backward step taken by any government in so far as this industry is concerned in the last 50 years. We hope that all associations connected with the building trades will voice their disapproval of this matter through the proper channels in Ottawa.

The disapproval voiced by many opposition members is naturally falling on the very deaf ears of the Minister of Finance. It appears that the minister only has an ear for delegations led by senators recently appointed by the Liberal party.

I should like for a few moments to make some remarks about the Atlantic development board. I have not had too much to say on this matter so far. In my view the information given to us recently by the Secretary of State (Mr. Pickersgill) was most welcome, and I refer to the fact that the $100 million made available for the Atlantic development board has turned out to be a floor and not a ceiling, to use his exact words. It is my hope that everybody throughout the Atlantic provinces will take notice of this statement and, rather than allowing the committee to be set up to report back to the government, will make known to everybody in their own localities what their hopes, plans and projects are so that we who have the responsibility can watch very closely with the hope that any project will get the rightful consideration due it and that this will in some way or other prove beneficial.

I might also refer to something else that is very favourable so far as the Atlantic development board is concerned and I trust that the government will follow through on it. I have in mind the fact that there are six more appointments to be made to that board and it will be very interesting to see from what fields they will come. I trust the government will follow through and I will be only too happy to see what their intentions are in this matter. I am not concerned about the party or political background of these people. The fact is that if they come from these particular categories it will be most welcome. I do not know whether the Prime Minister realizes it but he stated in Fredericton, New Brunswick, that the personnel of the board should be expanded to include representation from labour, from fishing, from mining, from agriculture and from lumbering. That leaves just one appointment over and above these five categories. It will be very interesting to see if he follows through on his commitment to appoint a representative of labour, a fisherman, a mining man, a man from agriculture and somebody from lumbering. If this is brought about I am quite sure that the Atlantic provinces will have representation across the board and we will look for very active participation inasmuch as they will have come from fields such as labour, fishing, mining and so on.

The problem of spending $100 million should not be a difficult one. It is not too long ago that there was a provincial election in Newfoundland brought about by the idea that something had to be done for the fisheries, and the fact that Mr. Smallwood wanted $70 million for the fishing industry. After Mr. Smallwood was successful in the election he wasted no time in coming to Ottawa to the previous government to look for the $70 million. Let us hope that the present government, with which he is very closely associated through the Secretary of State, will see that Mr. Smallwood gets his $70 million for the fisheries. I look at it this way, Mr. Speaker, that if it is good for Newfoundland it is good for the maritime provinces generally and if it is good for the Atlantic provinces it is good for Canada. If the present government can get away from the arrogant attitude they have recently adopted and realize that fact Mr. Smallwood should get his $70 million before too long.

While I am on the subject of Newfoundland may I say that, while I have not heard anything, I imagine representations are being

made by Newfoundland and especially by the Secretary of State to restore term 29 of the terms of confederation which was a bone of contention for some time in that province.

The three year incentive to industries in slower moving though not depressed areas is a welcome one, but I would remind the Minister of Finance, being the brain or expert that he is—I will have something to say about that later too—that he must realize that no company of any consequence will look only three years ahead. Any company of any consequence establishing anywhere is going to look far beyond three years and in all probability will not look for a taxable profit in the first three years in any case. Any company establishing in any area on the basis of this inducement only will not and cannot contribute too much to the economy of any slow moving area.

Mr. Martin (Essex East): One year.

Mr. MacInnis: I might say that along with the legislation passed by the previous government the crown owned, independently operated Industrial Estates Limited in Nova Scotia has made tremendous strides in that province and in this calendar year alone 10 or 11 new industries have been established.

The Secretary of State for External Affairs made some kind of interjection. He did not quite get it across but if *Hansard* got it possibly I will have an opportunity to raise a question of privilege. The Secretary of State this afternoon figured that he had a question of privilege with regard to something that happened a few days ago, but I think there was a precedent established yesterday that there was a time limit of 15 minutes so far as raising questions of privilege is concerned. One of our members raised a question of privilege and he was told that 15 minutes had passed during which he had the opportunity to bring it forward. So, keeping in mind a possible question of privilege, I will follow the example set by the Secretary of State and not the example that was forced upon my colleagues in the house.

Now, Mr. Speaker, I should like to continue my remarks about the arrogance of this party which has been carried forward from previous years. An example of this arrogance is the attitude towards the house taken by the Minister of Finance. There is plenty of it, I am told about $12 million worth. This is the same minister who, not too long ago during a television broadcast told the nation that the Liberal party had the platform and, "we think we have the leader." In this case, I think he shares a problem with the Secretary of State for External Affairs as the only members in the house who recognize that the prime minister sits across the floor and the leader sits on their side.

Again, I should like to cite the Secretary of State as a prime example of the arrogance, not only that the members of the official opposition have had to bear, but which has been extended to the members of his own party. Someone in our party referred to him as the actual leader of the party, and he may be right. I refer to him as the guardian angel, and if you do not believe me I refer you to what the Secretary of State said. This arrogance is applied not only to the members of the opposition, but it is applied to the members of the Liberal party. In this connection, I would just reread this passage of *Hansard* so that hon. members would fully understand what one of the ministers had to say about his own members. I quote from page 1267 of *Hansard*:

> Mr. Pickersgill: Judging from the applause, Mr. Chairman, with which my entry was greeted, I take it that my little strategem worked and that hon. members opposite thought when I went out that I had left the building and the government would be caught napping.

Well, if that is not arrogance, I do not know what is and it is applied not only to the opposition. There is arrogance applied to the members of the Liberal party. He is saying that the only hope you have of not getting caught napping is for the Secretary of State to be present in the house or for somebody on this side to make sure you are kept awake.

Dealing further with this question of arrogance, I should like to cite the attitude of the government towards the setting up of the special defence committee. The Prime Minister stated at the time the committee would look into all aspects of defence. A question was raised as to whether or not there would be an opportunity of inquiring into previous commitments. The Secretary of State for External Affairs informed the house that this would not be possible because of security problems. Here is a conflict. The Prime Minister tells us we will look into all aspects and the Secretary of State for External Affairs says we cannot because of security problems. I do not believe it is the fault of the members of the opposition that there is such a thing as a security risk in this instance. If there is a security risk at all it is because of the Minister of National Defence (Mr. Hellyer).

Why do I say this? I say this because of the minister's own statement in this house not too long ago. This is another indication of the arrogance of this party. Here is what the present Minister of National Defence

had to say in the House of Commons on February 4, 1963, as recorded on page 3426 of *Hansard*:

> We were briefed by Admiral Smeeton, deputy commander of the Atlantic fleet, by General Calmel, deputy chief of staff of supreme allied headquarters . . . A number of questions have been asked as to what our commitments to NATO are. I realize that this information is presumably classified, but I could never understand why it was, so I am going to take the responsibility tonight of saying what they are.

He realized this information was classified. It could be, therefore, that the security risk in this house is our present Minister of National Defence and perhaps the allied chiefs of staff realize this. Furthermore, if there is a possibility of a breach of security relating to commitments of this former government, why is it that the Liberal candidates have so much to say about previous commitments? If, as the Secretary of State for External Affairs says, this question cannot be opened up because of security risks, why is it the Liberal candidates have had so much to say on this question? Have they been made aware of what these so-called commitments are? On what authority have they been stating that there are commitments? This house is still seeking that information. I think it would be the responsibility of the defence department to indicate exactly what the government intends in this particular committee.

Mr. Martin (Essex East): Would my hon. friend permit me to ask him a question?

Mr. MacInnis: Yes.

Mr. Martin (Essex East): Would he mind telling the house whether he has discussed this matter with the former minister of trade and commerce, the former associate minister of national defence and the former minister of national defence, all of whom belonged at one time to the same party as my hon. friend, and with the former minister of national defence being a member of the same party and sitting in this house. Did not all of them say that there was a commitment?

Mr. MacInnis: I cannot agree with that. The hon. member will have to realize that I was absent from the house for some time at the request of my constituents. I have not kept abreast of developments. Naturally, since coming back I have had the opportunity of sitting in this house and hearing the former minister of national defence reply to a question by the present Minister of National Defence, but his answer never indicated to me that was the case.

Mr. Martin (Essex East): Why did he resign?

[Mr. MacInnis.]

Mr. MacInnis: I am happy that the intervention of the Secretary of State for External Affairs will probably give me an opportunity of winding up my remarks at this time. The intervention of the minister gives me an opportunity to congratulate him. I never thought that I would do so in the house. Nevertheless, since he has seen fit to enter the debate, I think this is the appropriate occasion. I should like to congratulate him on the possibility that he may go down in history as "Paul the Prophet". I should like to call his attention to certain remarks he made not long ago. You will recall the pitch your party made about stable government. I would remind you of this particular statement you made—

Mr. Deputy Speaker: Order. May I take the liberty of reminding the hon. member that he should address himself to the Chair.

Mr. MacInnis: I am sorry, Mr. Speaker. I should like to bring to the attention of the house in a proper manner a particular statement made by the present Secretary of State for External Affairs:

> If we elect a government that does not command a majority we will spell the disaster of our government.

There is not much doubt about that, in the light of what has developed within the last few days. On that note, I congratulate the prophet.

(Translation):

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, my first remarks will be to commend very sincerely the Minister of Finance (Mr. Gordon), who, last Thursday, introduced in this house a very realistic budget speech. I can assure him that the majority of the people—

An hon. Member: Praise, praise.

Mr. Dupuis: —in the province of Quebec and all across Canada, except the few Socreds that may be left, are quite satisfied with the decisions taken by this government.

An hon. Member: Some are not satisfied.

Mr. Dupuis: Of course, among our hon. friends opposite, for instance, some do not realize that the heritage they left us was nothing to rave about.

The new government could not make improvements or miracles at the present time, but in spite of the dire situation in which we were left by our friends opposite, we already

feel that confidence is coming back all across the country. We feel that the Canadian people trust in the future.

Mr. Gregoire: The feeling is not too obvious.

Mr. Dupuis: I think it would also be appropriate to congratulate the Prime Minister (Mr. Pearson) who, the very day after the election of April 8, set himself to work in order to give a new stimulus to our staggering economy and to make up for the five years of Conservative indecision by implementing quickly new measures, which are successful because of Liberal decision.

The dazzled Conservatives and Social Crediters dare ask the question: "What have you done about the 60 days of decision?" It will be a great pleasure to answer that question but before, I should like to recall very briefly the main events during the years of Conservative administration and what my friends opposite have done during those five years of indecision. On two occasions—

Mr. Martineau: Order.

Mr. Dupuis: I think that the hon. member for Pontiac-Temiscamingue, who was elected by a charity vote, should keep quiet and let others speak.

Twice, their minister of finance refused to submit a budget to parliament and to the Canadian people.

During five years, the deficits piled up, year after year, and yet the government did nothing to solve any of the important problems which existed. In five years, our friends opposite managed to accumulate a deficit exceeding $3 billion.

Mr. Gregoire: It is $600 million this year.

Mr. Dupuis: I feel that the hon. member for Lapointe (Mr. Gregoire) is not qualified to teach anyone anything about budgetary administration.

During five years, unemployment remained at a level comparable to the one that existed during those Conservative years between 1930 and 1935, under the leadership of Mr. Bennett.

For five years, Canada saw its prestige deteriorating abroad; its relations with our friends to the south, the Americans, became very strained.

For five years, the value of the Canadian dollar kept on going down. In five years, those people who are accusing us, managed to drain the unemployment insurance fund in which we had left $1 billion, accumulated during the years we were in office.

For five years, the prime minister of the Conservative government avoided the numerous problems which were piling up before his eyes, instead of trying to solve them. He behaved like an ostrich before a stranger, which buries its head in the sand and thinks it is safe although its rear end is sticking out.

In five years, the members of the Conservative cabinet showed total confusion and a pitiful lack of solidarity which resulted in the resignation of several members of the Diefenbaker cabinet: confusion at national defence headquarters, confusion in the famous Coyne case, confusion with regard to unemployment, pitiful confusion with regard to the Columbia river, confusion, indecision, insecurity, deficits, waste, that is what we got from five years of Conservative rule from 1958 to 1963. And then, on April 8, 1963, on election day, the people of Canada gave to the Liberals and to the present Prime Minister a clear mandate to restore some order in the affairs of the country which had been neglected for five years.

The Prime Minister lost no time in getting to work. He announced that parliament would meet for a regular session as early as the middle of May. He superseded Conservative indecision by a Liberal program of 60 days of decision.

During those 60 days of decision, the Liberal government drew up a long list for anyone to see, a long list of important proposals designed to straighten out the affairs of the country. It will now be up to our friends opposite to help us pass the legislation required for the enactment of those measures that are essential to the future of our country.

Among government's decisions, let us mention the following: proposed royal commission on biculturalism, setting up of a standing committee of the house on national defence, creation of a department of agriculture for the east, establishment of a department of industry, setting up of a Canadian economic council, federal aid to municipal work in order to fight unemployment through the creation of loan funds for municipalities, and numerous other important measures with the sole purpose of stemming the economic depression resulting from five years of Conservative administration.

Mr. Speaker, the present Prime Minister of Canada is known all over the world as a man of decision; the energy he has shown in the last two months has won him the admiration of all the Canadian people. While our eminent Prime Minister works to rebuild

the finances and business of this country and the Minister of Finance introduces a budget filled with worth-while measures, the Leader of the Opposition (Mr. Diefenbaker)—who is now entering the house—and the remainder of his famous team of 210 members in 1958, are engaged in the worst kind of witch-hunt.

Thus, just a few days ago, namely on June 17 last, the right hon. Leader of the Opposition stood up and proposed with a quaver in his voice the adjournment of the house. Why? Here is what he said, as recorded on page 1235 of *Hansard*:

> —adjourned to discuss a definite matter of urgent public importance, namely the admission by the Minister of Finance on Friday, June 14 of facts relating to the preparation of the budget, which facts constitute a flagrant departure from constitutional budgetary practice, imperil—

That is according to the Leader of the Opposition.

> —the traditional and essential secrecy of the budget, and which have had an unsettling effect on this house and on the country.

And even if he was very vehement in making that charge the Leader of the Opposition took good care not to substantiate it. He wanted to put on a big act. So, putting out his chest to impress people opposite in the galleries and again taking the tone he was using in the good old days of 1957, the Leader of the Opposition, eyes left and then right, made charges. He wanted to throw the facts at his audience. He made charges and, in the name of British tradition which is so dear to him and which he felt was threatened by the present Minister of Finance, he pointed his finger and made charges.

Well, Mr. Speaker, the Secretary of State (Mr. Pickersgill) offered to launch immediately the budget debate. And what did the Leader of the Opposition do? He refused his offer. The great man refused. He fulminated, he protested, he rebelled.

And what prompted that big act?

Just think that the Minister of Finance consulted people who did not belong to the federal civil service. What a terrible think to do. In so doing has the Minister of Finance violated a law? We asked the members of the opposition that question and they answered that he did not violate any law.

Has the secrecy of the traditional budget speech been violated? Was the secret known before the minister made his speech? Not at all. Had the three persons involved been sworn in as required by law? Are they loyal subjects of Her Majesty? Yes.

Therefore, if the Minister of Finance did not take any illegal action, if secrecy was not violated, in short if he has not broken any law, what are the Leader of the Opposition and the members of the N.D.P. complaining about?

It has been said that by consulting advisers who were not federal civil servants, he violated the hallowed tradition or the darn tradition.

And that is all. That is the crime, that is the tragedy. The Minister of Finance violated a tradition which was so dear to the heart of the hon. member for Prince Albert, the former prime minister and the present Leader of the Opposition for some time yet.

The people of Canada will not be misled by tactics of hon. members opposite. The Canadian people understand that we finally have a Minister of Finance who can take advice. It pleases them to see that the present incumbent does not think he knows it all as his predecessor did for several years. The hon. member for Davenport does not think he is another Macdonald, another Napoleon Bonaparte or even another Donald Fleming.

The present Minister of Finance has just done what our friends in the opposition should have done during five years. He sought advice from competent people.

Mr. Lambert: Can you prove that they are competent?

Mr. Dupuis: Naturally, if the minister had sought the counsel of the member for Edmonton West, the former speaker of the house, I would have told him that he was making a mistake, but he consulted competent people.

We finally have a Minister of Finance who does not take himself for Don Quixote nor for Mr. Gilles Gregoire. He admits that he might need advice, that he can be mistaken and that he can change his mind on occasion as he did this week. He proved it and we are glad to see that the Minister of Finance can change his mind. That is how the Liberal party remained in power for 22 years; it was flexible enough to change its mind when necessary.

What a contrast, Mr. Speaker, with the present Leader of the Opposition who, when he was the head of the government, thought that he could teach a thing or two to Mr. Coyne in economics. He also thought that he knew better than the minister of national defence did in his own field, that he knew better than everybody else and would accept advice from no one, not even from his best ministers like George Hees, Davie Fulton and others.

Those are facts. Where is the Leader of the Opposition today? He is in the opposition party pending a congress of the Conservative party.

If consultation of Canadian citizens is contrary to the Conservative tradition, well, the present Minister of Finance has put an end to such a sad tradition which has turned the traditional Tory party into a party of bad administrators, a party which has always governed badly each time it has had the opportunity to work out the destiny of this country since confederation.

As I was saying, for the Minister of Finance to take the advice of experts outside the federal civil service, was no violation of any law. And our friends opposite have not proven at all that the minister transgressed any law whatsoever. He assured himself that the secrecy concerning the preparation of the budget would be safely guarded until the very last minute when it was presented in the Commons. Nobody can prove that the secrecy was betrayed.

The Minister of Finance had those three advisors sworn in, as required by law. He did nothing, absolutely nothing which was illegal. I would rather say that he behaved very well.

We shall leave the Conservatives to carry on their witch-hunt. We shall leave the Leader of the Opposition carry on his performance and as for us on this side of the house we shall keep on working in the best interests of our country, Canada.

The future will tell that the brilliant member for Davenport was right. History will recognize the Liberals of today as men of decision, as truly efficient administrators.

We do not pretend to accomplish miracles. We do not propose to remove all taxes, to print money as some of our friends would. If we are not now as happy as we would like to be, it is just because we had to endorse for a few weeks the actions of our friends opposite. We had of course to endorse, in order to administer the country for a few months, the decisions taken by our hapless predecessors.

You will see, Mr. Speaker, that the situation will change very rapidly in our country.

Before concluding, I should like to deal briefly with a matter that is making the headlines at the present time: the future of Canadian federalism.

I was listening last evening to the very congenial and gentle member for Brome-Missisquoi (Mr. Grafftey) who gave us in this house a circus performance worthy of his master, the Leader of the Opposition.

My great friend from Brome-Missisquoi was worrying too, in a quavering voice, about what the Liberals were going to do for national unity and for biculturalism. It is strange that nothing of the kind, not even the refusal of his leader to establish a commission on biculturalism, seemed to worry him last year when he was sitting on the government side.

I wish to reassure him and all our hon. friends; with the present Prime Minister, we can look to the future with confidence as far as national unity is concerned. It is worth while reminding the house and the country that the present Prime Minister was the first English speaking political leader to request an investigation on biculturalism in Canada. We commend him for it and we appreciate his courage and sense of dignity.

Hon. members opposite know that the present Prime Minister will set up shortly a royal commission of inquiry in that respect.

I should also like to remind the house that our leader has promised to provide Canada with a distinctive national flag and to recognize "O Canada" as the official national anthem within two years after the Liberal take-over.

That is what we call a government of action, and a Prime Minister of decision.

We will have our flag and our national anthem. We will have our inquiry on biculturalism. We will have our federal-provincial conference which will enable us to renegotiate the details of the confederative pact. We will hold a dialogue with the provinces. We will make Canada over. We believe in the unity and greatness of our country. Canada must be strong and united.

The present government will do everything to make people regain confidence in a Canada that is found neither in the state of Quebec nor in the province of Ontario but from coast to coast, from the Atlantic to the Pacific.

(Text):

As promised, one of the first acts of our Prime Minister will be to form the royal commission on biculturalism to examine, not only the past, but the present situation and report the true facts to the nation. The words "unity" and "biculturalism" are very important words to all Canadians. Most of us have always considered our country as one, indivisible and firm; it is important to remember that two great races, two nations, worked together to achieve that united country.

Our English speaking compatriots will remember that when our French ancestors suffered defeat at the battle of the Plains of Abraham, it was a break with their past,

with their traditions and their roots. Later, Quebec made a great and voluntary decision in refusing to throw in its future with what is today the United States, and made another great decision, 96 years ago, when it became part of the confederation. These were two great steps very important to the Canadians of the French heritage, and now many feel that yet another step should be taken which, in a different but equally important way, will make them a greater or more vital part of Canada's destiny. This is something to be appreciated not only by the Canadians in the brackets of high education, but by all Canadians who respect our country as a united and indivisible one.

It is important for all Canadians to study immediately our mutual problems, and this during what I call the waiting period so that those problems will not suddenly spring on all Canadians in a few years as something quite unknown to them. Such a surprise could only create unfortunate resistance. A proper presentation of Quebec's viewpoints can only be of service to our national unity.

Each day we pick up the newspapers and see large headlines, radios give us short and somewhat frightening news bulletins, and commentators review serious aspects of our national life. Sometimes it seems that matters are very black and the problems are overwhelming. The reason is that good things, good news and the wonderful aspects of life do not really make big headlines, do not make the hot news bulletins and do not provide good material for the commentators. Bad news is often big news and good news is often no news at all. This is an important thing for everyone to remember in these days, because from the Atlantic to the Pacific there are many, many happy, constructive and wonderful things happening to help our nation grow, be healthy and to develop.

Our duty and responsibility as elected representatives in the House of Commons is not only to help those constructive and pleasant aspects of life, but to go to the heart of the troubles and problems and do the best we can to cure and clear them up. To aid in embarkation upon such a course, there should be a clear statement of our views, policies and of what we are trying to do within the limitation of our responsibilities here in Ottawa, because we must not only recognize what is our duty, but also the boundaries over which we must not step so as not to offend, trespass upon or damage the spirits, acts and works of the provinces. To help mutual understanding between English and French speaking citizens in Canada we do not have to wait until the commission on biculturalism produces its report; we can do so in great measure now.

Immediately following the recent election I took upon myself to do what I believe others should do. I went with my wife across Canada to the west coast for a journey. Our trip was an inspiration to us and I recommend it to every resident of the province of Quebec. I remember that the hon. member for Edmonton West (Mr. Lambert) suggested we should visit western Canada, and I am happy to have done so. I have some very strong convictions and opinions on this subject. I think it is a delight to visit these places, but I, like the hon. member for Edmonton West, think also you will find it just as wonderful to know Canada better. The glories of our Pacific coast, of the breathtaking Rockies, of the cities of Vancouver, Edmonton and Calgary, the vast expanse of our prairies, and the huge inland seas of the great lakes are things that every Canadian should see.

I do not know how travelling in Canada can be encouraged more than it is now, but I do feel that our government and every provincial government should do all within their power to get Canadians to visit Canadians. While I was in Vancouver recently it was my pleasure and privilege to discuss with many people the principle of exchanging students between British Columbia and Quebec. I would welcome any suggestions on "exchange," because I feel it will not only aid the education and the culture of these young Canadians who are exchanged between Quebec and other provinces but will move us closer towards national unity. Greater understanding must be the keynote. Canadians of French lineage must deal with citizens of other provinces and exchange speakers, visitors, residents, athletes, artists, and students. By friendly persuasion and by personal contact the friendships, the viewpoints, the associations between Quebec and the other provinces will be strengthened.

Travel within Canada must be accelerated at a speed never before considered or contemplated. I am convinced that this is one of the most urgent requirements. What is the cost of this great travel? What will it cost to transport people at perhaps reduced fares, or on special scholarships from school to school, or event to event, or city to city? I venture that it will cost nothing in relation to the price of unity, for Canadian unity is beyond all price.

Many years ago when our wheat crops on the prairies were threatened with disaster from manpower shortages, it was possible to travel from Montreal to the prairies to work in the wheat fields for $25. This comes to my

mind when I think of the tremendous value now of travel from west to east, and east to west. Would it not be a wonderful thing for Montreal students to be able to view Vancouver's beauty at such a small cost for transportation, and for young westerners to brush up on their French by a visit to "la belle province" of Quebec at the same cost from their homes?

It is my feeling that a message must be directed through all possible media to all Canadians. That message should reach them by television, radio, newspapers, magazines, meetings and other means. It should communicate the very spirit of the province of Quebec, which summed up is something like this: When the 13 colonies broke away from the empire, it was the decision of the Canadians of French lineage to stay and make today's Canada possible.

(Translation):

Thereupon, Mr. Speaker, I shall conclude my remarks, and I hope that all hon. members will as best they can co-operate to make a success of this survey on biculturalism, which will take place in the near future.

I know that each hon. member has definite views and quite a few representations to make. I hope that they will play their part vigorously and sincerely and contribute to the effort of this government with a view to uniting this country for the benefit of each and every Canadian.

Mr. Speaker, next week, we will have to vote on the budget. I hope that our friends in the opposition will let us have a strong majority vote to express their confidence in the Minister of Finance, who knew how to resort to expert advice. I hope that they will also support the Minister of Finance and the party now in power so that we may take the action needed to strengthen this country, our Canada.

The other day I heard the hon. member for Lapointe (Mr. Gregoire)—who is unfortunately not in his seat right now—blame the Liberals for having said, during the last election, that they would find a solution for unemployment. Obviously, Mr. Speaker, the hon. member for Lapointe, who is a man in a hurry, wanted the Liberal party to settle in 60 days, in one fell swoop, the whole unemployment problem.

Well, obviously we have four years before us, and by means of the legislation we shall enact, we shall solve the unemployment problem.

Incidentally, while we are speaking of promises, the hon. member for Lapointe might have remembered that, between a promise and reality there is often a difference, coming more particularly from the Social Credit side.

We promised to put an end to unemployment. We shall certainly manage to do it within four years, and we can count on that many years.

During the last session of the previous parliament, the hon. member for Lapointe predicted that the Liberals would be huddled together with the Conservatives in a little corner of this house on the left of the Speaker, while Social Crediters would be seated on his right. But, what happened actually? Exactly the opposite. Moreover, we have four years to keep our promises, but he has only four years to prevent those who stayed with him from crossing over to this side of the house.

We found, on the evening of April 8, that the Social Credit party was down to 20 members in the house, and that some time after one of them came over to this side of the house, while others shed tears and still others went their own way.

This is what the promises made by the hon. member for Lapointe brought him.

As far as I am concerned, I wish him the longest tenure in this house, because he amuses us a lot, but without any intention of disheartening him I must tell him that after the next election Social Credit will have become a thing of the past.

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I would like to address a question to the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis). Could the hon. member tell me, for my information and for the information of the Minister without Portfolio (Mr. Tremblay), if he agrees with the establishment of a department of agriculture for eastern Canada as he said this afternoon and as he repeated so many times during the last election campaign in the province of Quebec?

Mr. Dupuis: I am most happy, Mr. Speaker, that the hon. member asked that question for his information because he certainly needs information.

I say that I agree with the appointment of the present Minister without Portfolio as minister of agriculture for eastern Canada, and I can tell you that this wish will be fulfilled in a near future.

Mr. Vincent: But the hon. member this afternoon stated he was in favour of the establishment of the department of agriculture. Is he in favour of the establishment of a separate department of agriculture for

eastern Canada or is he supporting the mere appointment of an eastern agriculture minister?

Mr. Dupuis: I believe my hon. friend understood perfectly that I meant both.

Mr. Gerard Girouard (Labelle): Mr. Speaker, may I address a question to the hon. member for St. Jean-Iberville-Napierville?

(Text):

The Acting Speaker (Mr. Batten): Order. The time allotted to the hon. member has expired.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, this being the first opportunity I have had to participate in formal debate this session may I first congratulate you, sir, the Deputy Speaker, and the deputy chairman of committees who comes from the Atlantic provinces, on your election to the high offices you hold.

I listened with interest to the speech made by the parliamentary secretary to the Secretary of State. My speech will not be as rapid, but I note he ended his remarks with a reference to his favourite subject, the Social Credit party.

Mr. Dupuis: It used to be my favourite subject.

Mr. MacEwan: As I mentioned to him at one time the translation into French is not quite apt, but I understand that during the last election he out-Caouetted Caouette, and the result of that is that he is now parliamentary secretary.

As a maritimer I want to say that we in the Atlantic provinces are a little bit leery about the budget and about the fact that the Minister of Finance (Mr. Gordon) is Minister of Finance. Only time will tell, but we will watch what happens. We know the Minister of Finance visited us. We know he wrote a report. We know he was chairman of a royal commission, and on many occasions reference has been made to his remarks about maritimers leaving the Atlantic provinces, especially coal miners in whom I am very interested.

He also said that if we in the maritimes wanted to stay there we would have to accept a standard of living lower than that in other parts of the country. I know he has since said that he really did not mean to say that. In fact he returned to my constituency some time ago and made a very good speech there, a copy of which unfortunately I left at home. However, I have little doubt he had assistance in the preparation of it from another Liberal hon. member. I am not certain, but I have been told that, and I refer to the parliamentary secretary to the Secretary of State for External Affairs. Even though the minister has said he did not mean to say those things, nevertheless we will watch what happens so far as the Atlantic provinces are concerned.

We in the maritimes thought we had a good set-up which would help us, in the fact that during the last session of parliament we had as minister of finance the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). He did an excellent job and we wanted to continue that. The minister of finance is a very important man in any government. In addition to that we had as the minister in charge of the Atlantic development board the hon. member for Victoria-Carleton (Mr. Flemming), former minister of forestry and former premier of the province of New Brunswick, who is very close to us in the maritimes.

Now we have the Secretary of State in charge of that board. He has been a representative of Newfoundland for some time, but after all he is not a native born Atlantic province member, and if we were to have a change of government I wondered if perhaps we might not have the Minister of Labour (Mr. MacEachen), the Minister of Fisheries (Mr. Robichaud) or the genial Solicitor General (Mr. MacNaught) in charge of that board. However, the result is that we have a complete change, in a minister of finance from Ontario and a minister in charge of the Atlantic development board who is not a native born of the Atlantic provinces. We will have to watch very closely what occurs.

I should like to deal with the budget as it affects the maritimes. Resolutions have been introduced regarding the new department of industry and the area development agency that is to form part of it. I am not completely sold on this. I believe the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) dealt with this matter when he spoke on the resolution stage, and I do not intend to repeat his arguments. But in order to help labor surplus areas—and my constituency in that respect is one of the worst in Canada—I believe this further division that is proposed will not help at all, particularly with regard to my own area.

During his budget speech the minister said:

> The full effect on the economy of the important measures I have been discussing—

He was referring to the measures being introduced for the labour surplus areas.

> —will not be felt for a few years.

That is not what we were told during the last election campaign. In my area the Liberal candidate said that all that had to happen was a change of government and there would immediately be no unemployment. Now the minister says the effect of these measures will not be felt for a few years.

Since 1957, many steps have been taken to help the economy of the Atlantic region. Among them were the subsidies to shipbuilding. They were important to my area and many other parts of Canada. The hon. member for Port Arthur (Mr. Fisher) and hon. members from the west coast know what these subsidies meant. However, I was a little distressed when the minister had this to say about the shipbuilding subsidies—and I am not going to quote him. This is to be found on page 1002 of *Hansard* for June 13:

> Other matters could also be mentioned. There is the shipbuilding subsidy, which was reduced, effective last April 1, in such a way as to lead to a sudden irrational surge of expenditure and activity in that industry which is unlikely to be sustained.

Then he went on to say this:

> This surge of activity places a substantial burden on this year's budget without producing any continuing benefit.

I do not know whether I agree with that. I believe that the benefits will be continuing, and I only hope, despite the words used by the minister, that there will be no move whatsoever to remove these shipbuilding subsidies. They have meant many more jobs, and the hon. member for Three Rivers (Mr. Balcer) former minister of transport has estimated the total at 50,000. If the Minister of Finance is thinking of removing these subsidies I would ask him to check first with the Minister of Transport and the Canadian maritime commission. During the last few years many of us pressed for such subsidies in order to help our shipyards compete with foreign shipyards, and if these subsidies are taken away it will mean the loss of a great many jobs and will be a great blow to the shipbuilding industry. For that reason I hope those words used by the minister are not words of warning.

The previous administration also introduced an important measure with regard to vocational training. In fact, I believe the government I supported led by the Leader of the Opposition did more in regard to vocational training than any other government in the history of the country. I do not want to burden the house with references that are too long, but I can look back to the time when coal mines were being closed down in my area and the miners had no trade or skill to use in other work. That was a time when a very strong vocational program should have been introduced. But now I am very pleased to say that as a result of the action taken by the previous government in providing 75 per cent of the cost of vocational schools, through agreement with the provinces, a new school will open in my area in the fall. The young people who take vocational training in it, with the additional advantage of their high school education, will be fine citizens and they will be equipped to stay at home and work in the area. This is something that should have been done before, but I point out that these are matters that will take a little time. The results are being felt in Canada now and, of course, hon. gentlemen across the way will probably get the credit for it.

The Atlantic development board has been referred to also and I should like to point out that the minister said that the Atlantic development board was being strengthened by setting up a fund. I am not going into that. Others of my colleagues from the Atlantic area have done so. However, I would point out that the vice-chairman of the board, Mr. Sobey, who was to sit for five years, will be gone in a year. This is not strengthening the board. This man has been president of Industrial Estates Limited, the crown company in Nova Scotia and I looked upon him as the liaison between Industrial Estates Limited and the Atlantic development board. But when the year is up I suggest that this man, regardless of politics, be re-appointed to the board. He is necessary especially for my native province of Nova Scotia.

Next week an unemployment meeting will be held in my area. Mention was made of this today and there are various things that will probably come up. A local committee has been set up to look into the matter. It is a non-political body known as the Pictou county research and development association. This association has been doing a lot of work in the last two years and carrying out research into various things. I think this will be of assistance to the area. A labour surplus area such as mine should be the first problem attacked by the Atlantic development board.

There is one matter in the budget which has been referred to by the financial editor of the Montreal *Gazette* and it might be worth while mentioning it here. I refer to the question of accelerated depreciation. I will not quote at length but it is a matter which was missed in the budget and it is something which should be referred to at this time. Tax incentives are good and we welcome the three year tax holiday. We also welcome accelerated depreciation but I want to point out what Mr. Meyer said on June 14:

> One would wish he—

The Minister of Finance.

> —might have been more imaginative. His purposes are clear enough. The increase in capital investment which the accelerated write-offs can be expected to persuade is certainly desirable but might he not be overdoing it? The problem is not entirely one of encouraging new investment; there is also the need to encourage more efficient use of existing investment.

Here is the important part.

> For all the pick-up in business which has taken place over the last year, idle plant can still be readily found. In a good many instances, it is the market that is lacking, not the production equipment to serve that market.

I think that is something which the minister missed, the matter of markets. There should have been something to stimulate markets not only in our country but abroad. The former government of which I was a supporter set a record in the exporting of manufactured goods to other countries through the Export Credits Insurance Corporation. They were always willing to help companies. I submit to the present government that they should go ahead on this basis. It means a lot to the manufacturers of this country. There are many areas which are open including the South American area. Let the government go ahead. Apparently they are not looking to this too much because it was not mentioned in the budget speech. I might also refer to this comment on the budget:

> It offers no stimulation for exports. In fact, it could be regressive in this field because it imposes a sales tax on manufacturing machinery and will almost inevitably add to the cost of production in Canada and consequently make Canadian goods less competitive at home and abroad. Mr. Gordon has tried to do a Roman ride on horses galloping in opposite directions.

I bring this to the attention of the minister. Export markets are important to Canada and we cannot hope to use all the products that we manufacture in this country.

Going on from there, sir, may I refer to the 11 per cent sales tax. I have spoken to my colleagues on this side of the house from the Atlantic provinces, which have a very high rate of unemployment as we all know, and they tell me unequivocally that they have received many submissions on the matter of the sales tax which may be vital to many companies, especially smaller companies in our area. One thinks of the lumber firms and the contractors in their bidding. One thinks of people buying small homes and of people making repairs to their homes. The sales tax will certainly be detrimental in that regard. I know that submissions have been made to the minister from many parts of Canada and I hope that he will take them into consideration.

We have also heard about the $500 incentive with regard to the purchasing of homes. The Kingston *Whig-Standard* of June 15 had this to say:

> With regard to the housing industry, the new budget announces the removal of the 11 per cent sales tax exemption on building materials and this appears to offset the $500 bonus. What the government has actually done is to add 4 per cent to the price of new houses by this action.

[Mr. MacEwan.]

Therefore this will be a very serious matter throughout the country. Another matter has been mentioned which has been brought to the attention of members of the official opposition. In my riding there is a company which manufactures prefab houses and I know there are others throughout the country. I understand that the 11 per cent sales tax will apply on the total cost or over-all package deal with regard to prefabs. Many times prefab manufacturers, especially on the east coast and the west coast, are required to move these houses long distances. I know that from my own area many of them have been shipped north to the lake Janine and Port Cartier area, and Eskimo homes have also been shipped to the far north. This tax will add to the cost. I doubt very much that this company will be able to compete with the companies in Ontario and Quebec. This all adds up to lack of jobs.

The hon. member for Cape Breton South (Mr. MacInnis) referred to the matter of the pegging of the Canadian dollar and I will not belabour that now. He always deals with these things very delicately and much more easily than I do. However, I know that during the June, 1962 election campaign much was made of the pegging of the Canadian dollar. I do not have the page here but I believe that the Minister of Finance said that the dollar would continue to be pegged because it had been helpful especially with regard to exports. We know that in our own province products such as fish and lumber have been stimulated by the pegging of the dollar, and now the truth will indeed be told.

There are other matters in the budget I could go into but I do not intend to repeat what other speakers have said. May I end by repeating that as members from the Atlantic area and representatives of the people of that region we are watching the Minister of Finance. The minister said that if the tax holiday did not help the Atlantic provinces he did not know what would. He had other things to say originally about that area because at one time he thought it would help to move people from Cape Breton and my area. He put forward various things but now he thinks that this tax write-off will help us and he said that if it did not do so he did not know what would.

As was pointed out by my hon. member for Cape Breton South, anything that stimulates the Atlantic area will help the rest of Canada. Certainly we do not intend to be the doomsters and gloomsters that members of the former opposition were. If this will help, and this was said by my colleague also, we will certainly be pleased but it will definitely have to be proven to us.

Finally, sir, in so far as outside people assisting in the preparation of the budget is concerned, that is a matter with which I am not going to deal. It has been dealt with by other members. The same is true of the withdrawal of the 30 per cent tax on stocks. The people of Canada, as well as the people in the Atlantic area, are disturbed today. I should like to conclude by again referring to the Montreal *Gazette* in which there was this article by Mr. Meyer:

> What is so disturbing here is that Mr. Gordon's bungling has cast an early pall over the initially successfully efforts of the new government to clean up the smudges put upon Canada's image abroad by the previous government.

I am not accepting that.

> Few governments have entered office with such sincere foreign good wishes—sentiments which were admirably justified by Mr. Pearson's appearance in London and Hyannis Port and Mr. Sharp's hard-headedness at Geneva. The budget, which should have put a capstone to these efforts to rebuild foreign confidence instead brought the whole structure tumbling down.

We accept the budget, therefore, as it is. We are watching to see whether or not it will bring about the solution of the unemployment problem in Canada to which reference was made by the previous speaker. We do not believe it will. If it will help out, we will buy it. We will see how these people who sit in their ivory towers bring about full employment in this country. We do not believe they can. We will be watching them closely during the days and months ahead.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, many questions have been raised about the budget and the purposes that it attempts to achieve. While I have not very much time this afternoon before five o'clock I hope, at the first opportunity on Monday, to review the main purposes of this budget and to remind hon. members of the limited number of things that could have been done to achieve the main objectives, which were to stimulate the economy, and in the process, to provide more jobs.

Mr. Fisher: Which were?

Mr. Gordon: Which are; this, at least, would be agreed by all hon. members, that certain facets of the Canadian economy need to be strengthened and certain of our industries stimulated and made more efficient if we are going to overcome some of the basic difficulties with which we are confronted.

Perhaps I might just remind hon. members what these basic difficulties are. In the first place, there is no disagreement in this house, I think, that unemployment is a scourge; that it works not only a great hardship on the people concerned but it is a source of fear to others who are afraid that they, too, may lose their jobs. We have to do something about this in Canada. We must tackle it, it seems to me, on a variety of levels. We must, if we are going to be successful, look at the long term as well as the short term. I do not believe, myself, that merely dealing with the short term problems as they arise will work in this field or any other. It was for that reason—it is for that reason—that we on this side of the house attach so much importance to the work of the proposed department of industry. This department, working with the industries concerned, and as I have said before, working with the trade unions concerned, will be responsible for bringing about some major reorganization of the industrial structure of this country. It will take time, working at it one industry at a time, if our industries are to become strong enough to compete with competitors from abroad and if they are to be in a position to expand their exports. When I say that I am thinking of manufactured goods as well as primary products.

Now, I do not think there is much disagreement either that our balance of payments problem, the imbalance in our current accounts which has been running at the rate of about a billion dollars a year, is at the root of many of the problems that we face in Canada. I think the year before it was a little less. Several hon. members have discussed very helpfully and well some aspects of our economic problem. I hope that during the remainder of this debate many hon. members will focus their attention on this particular aspect of the problem, this imbalance in our current account transactions, and will say what they think should be done about it. As I said, I believe this is at the root of our problem and is one of the reasons we have had so much unemployment in this country in recent years.

May I call it five o'clock?

The Acting Speaker (Mr. Batten): It being five o'clock, the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills.

THE INTEREST ACT

AMENDMENT TO PLACE CEILING ON INTEREST RATES

On the order:

> Second reading of Bill No. C-10, an act to amend the Interest Act—Mr. Orlikow.

Mr. David Orlikow (Winnipeg North): I understand, Mr. Speaker, that discussions are now under way with a view to sending all the bills dealing with the various aspects of interest to a committee. I understand there

are approximately 12 of these bills. I should like permission, therefore, to stand this bill and the next bill which appears in my name on the order paper.

The Acting Speaker (Mr. Batten): Is it agreed that we should stand Bills Nos. C-10 and C-12, both standing in the name of the hon. member for Winnipeg North?

Some hon. Members: Agreed.

CIVIL SERVICE ACT

AMENDMENT TO ADD REMEMBRANCE DAY AS HOLIDAY

Mr. H. W. Herridge (Kootenay West) moved the second reading of Bill No. C-13, to amend the Civil Service Act (Remembrance day).

He said: Mr. Speaker, this bill reflects the feelings of the members of the Royal Canadian Legion, other veterans groups in Canada, relatives of veterans and many other Canadians with respect to the recognition of remembrance day.

Before dealing with the content of my bill I wish to give a brief historical review of the legislation with respect to the recognition of what was first termed armistice day and later remembrance day, November 11, a never to be forgotten day by veterans of the first world war and their relatives, who will always remember the great sigh of relief that was raised throughout the world when that war terminated. I find the first reference to recognition of this day was during 1919, and I quote from *Hansard* of May 23, 1921, when a Mr. Pedlow speaking in this house said:

> In the first session of 1919, that which immediately followed the cessation of hostilities, I proposed the following resolution, which appears as No. 37 on page 25 of the order paper of Monday, April 7.

This was the resolution:

> That, in the opinion of this house, November 11 of each year should be set aside as a day of national thanksgiving, to be a perpetual memorial to the signing of the armistice, ending the great world war.

Then Mr. Pedlow went on to say:

> Almost immediately after that resolution appeared on the order paper the press of Canada from one end of the country to the other commented favourably on the proposal.

I find that the matter was discussed in the house and mentioned on numerous occasions. Then an act respecting armistice day was assented to on June 4, 1921. It is quite obvious that there has been a change of approach to November 11 throughout the years. First of all the speeches made in this house and the legislation enacted generally expressed a spirit of thanksgiving for the termination of the first world war. Then later, as the war became more distant, we see that replaced by a desire for remembrance of the services of those who served in that and more recent wars. That is indicated in this legislation and I will quote two sections of an act respecting armistice day, chapter 16. Section 2 reads:

> Throughout Canada in each and every year the Monday in the week in which the eleventh day of November shall occur being the day in 1918 in which the great war was triumphantly concluded by an armistice, shall be a legal holiday and shall be kept and observed as such under the name of armistice day.

It goes on to say in section 3:

> The holiday commonly called thanksgiving day being a day usually appointed in the month of October or November by proclamation as a day of general thanksgiving to Almighty God, shall whenever appointed be proclaimed and observed for and on armistice day.

I mention those two sections of this act, Mr. Speaker, because they illustrate the general, shall I say, spirit of thanksgiving with which the recognition of this day was approached at that time. Then we find that the approach changes to one of remembrance of the services performed by those who served in the first world war, those who lost their loved ones, and so on. So we have the Remembrance Day Act passed in 1931, which declared that November 11 would always be recognized as remembrance day. Later we find references to this in the Civil Service Act of 1931, with which I shall deal later. Throughout the years there has been a general feeling on the part of many members of veterans organizations and other Canadians that there is not in this country sufficient recognition of remembrance day; that people in some cases are more concerned with holidays as such rather than with recognizing a day in remembrance of the services performed by those who served in the armed forces, and others, in the first and second world wars and the Korean war. Those feelings found expression in Legion conventions, particularly the last two or three dominion conventions of the Royal Canadian Legion. There has been considerable discussion on this subject. As a matter of fact, at the present time a committee of the national council of the Royal Canadian Legion is giving serious consideration to several aspects of the better recognition by Canadians of remembrance day. I wish to quote the two resolutions that were dealt with at the last convention of the Royal Canadian Legion with respect to the recognition of remembrance day:

Whereas there is a growing tendency across Canada to treat November 11 as just another holiday rather than a day sacred to the memory of our fallen comrades, and

Whereas the government of Canada saw fit to grant the civil service a holiday on an alternate date when November 11 fell on a Saturday or Sunday:

Therefore be it resolved that the Royal Canadian Legion informed the government that its action in this regard is deplored and that the legion looks to the government to set an example to the significance of remembrance day.

There was a second resolution. I will quote it because I want to place before the house the attitude of the members of the Royal Canadian Legion in dominion convention assembled:

Whereas the 11th of November each year has been established as the day to pay respect and to remember comrades who made the supreme sacrifice, and

Whereas in many cities and towns business continues to be carried on as usual all during remembrance day, thus affording the staffs no opportunity to pay respect to the fallen:

Therefore be it resolved that dominion and provincial governments again be requested to declare November 11 a statutory holiday so that every person not engaged in essential services will have an opportunity to attend remembrance day services.

That, Mr. Speaker, is the reason for my introducing this bill. I want to give some explanation of the purpose of this bill, which is in line with the sentiments expressed at conventions of the Royal Canadian Legion. The purpose of this bill is to restore, in so far as the parliament of Canada is legislatively able, remembrance day to the position intended by the spirit and meaning of the Remembrance Day Act, Revised Statutes of Canada, chapter 237. That act provides:

Throughout Canada in each and every year, the 11th day of November, being the day in the year 1918 on which the great war was triumphantly concluded by an armistice, shall be a holiday, and shall be kept and observed as such under the name of remembrance day.

The Civil Service Act chapter 57 section 62 provides that remembrance day shall be a holiday for the civil service for which leave of absence may be substituted if it falls on a day when civil servants are not required to work. However, the section limits the holiday to civil servants and presumably leaves the declaration of the holiday, if it is one in the public service, to the discretion of the responsible crown authority. This bill uses the term "public service" which would include all those employed in crown corporations and similar establishments.

In clause 1 of this bill, remembrance day is deleted from the list of holidays in subsection (1) for which leave of absence may be substituted under subsection (2). Subsection (3) is added so that remembrance day becomes a holiday in the language and within the meaning of the Remembrance Day Act. The wider meaning of public service is substituted for "civil service" so that government boards, commissions and agencies are included. I should like to point out that the present Civil Service Act, the sections dealing with this question, do not square with the provisions of the Remembrance Day Act. This bill is an attempt to restore the spirit and the purpose of the Remembrance Day Act as originally designed and intended.

I have mentioned that in the early days there was a general spirit of thanksgiving. The farther we get away from the first world war, the second world war and the Korean war, the more people look to November 11 as a day of remembrance upon which they have the opportunity to pay tribute to those who gave their lives, or sacrificed, or lost relatives in the defence of our country and in the defence of principles in which we all believe.

I fully realize there may be differences of opinion with respect to this amending bill. I have expressed the point of view of the Royal Canadian Legion and other organizations, and I may say it is my personal viewpoint. I have a particular interest in the recognition of remembrance day because my father, my wife and three of my family served this country in war and because I happen to be the president of the 54th Kootenay battalion association which is very keen on having this subject considered in the house. I know there are a good many others here who take the same attitude as I do. We have another generation growing up in Canada and we have many new citizens coming to this country who are, naturally, not well informed as to what these fellow citizens of ours did for Canada in two world wars and in the Korean war.

I fully realize that this is a subject which should be given every consideration so that all points of view can be heard. Therefore, I suggest that the subject matter of this bill should be referred to the standing committee on veterans affairs so that the views of the Royal Canadian Legion, widows organizations, veterans organizations and other organizations particularly interested in the wider recognition of remembrance day, might be heard. There would also be an opportunity to hear the views of representatives of the civil service organizations. I realize that at the present time discussions are going on with respect to the relationship between the civil service and the federal government—discussions concerning bargaining rights and so on. This subject would, I am sure, come within the compass of those matters which interest

the civil service organizations. It is in recognition of the feelings of members of the veterans organizations I have mentioned, as well as of many other Canadians, that I have introduced this bill.

I do not intend to speak at greater length because I would like to hear the views of other hon. members on this subject. I think it is something of a relief on occasions in this house to have an opportunity to speak on other than strictly economic matters. I am one of those who believe that no nation grows great as a result of its sole concern for material things. There are values greater than that. I think the recognition of remembrance day is one action on the part of Canadians which could demonstrate to the world that we recognize the things of the spirit as coming first.

Mr. J. J. Greene (Renfrew South): Mr. Speaker, I would say, first of all, that it is one of the wonderful things about our system that the hon. member who proposed this bill should be one who has spoken in this house this session on so many occasions when we who sit on this side have found little in his observations with which we could agree, particularly when he has concerned himself with the field of economic theory. Yet on an occasion such as this I doubt very much whether there is a single member on this side of the house or, indeed, in any part of the house, who could possibly disagree with a single word the hon. member has said.

As early as 1871, Joseph Howe, speaking at South Framingham, Massachusetts, uttered these memorable words:

> A wise nation preserves its records, gathers up its monuments, decorates the tombs of its illustrious dead, repairs its great public structures and fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past.

I suggest that these words, two brief sentences in a long discourse, might be taken seriously by us today. We sit here in this chamber from day to day, and on hearing the debates, on hearing the acrimony, the vituperation which crosses this floor from time to time, and on seeing how petty, trivial matters seem to be the most important concern of this house from day to day rather than the important question of what we can do, collectively, to try to find solutions to the great problems facing us, such as unemployment, we may well be inclined to despair. Instead of doing the great things that we have to do, as apparently we are able in times of great national crisis, it seems that when times revert to so-called normal, we in this house, in any event, concern ourselves more with the petty and with the trivial than with the real tasks we were sent here to perform. I often think, sitting here as a new member of this house, what somebody from another world would think if he descended here and were told: "This is where the business of this country is carried on, and carried on in this fashion and in this manner". I have the same thoughts when standing on the floor of a stock exchange, a place to which reference has been so prevalent in our discussions here during the past few days, where everyone is rushing around and roaring about. And for what purpose? Someone from another world cannot possibly decipher. In some ways I think we in this house have been carrying on our business of late in much the same manner.

It is appropriate and apropos that a bill of this kind, even though it be a private member's bill, be brought up at this time, because it may to some degree recall to us the importance of being a member of this house; the great traditions that are our heritage and that we are here not only to defend but to improve and build upon; to uphold those words which are spoken so often and lived up to so little, that the sacrifices of those who went before us would not have been in vain. I think perhaps that sometimes the game becomes bigger than the end. The winning is the important thing rather than the doing. In the game of political ins and outs, of political musical chairs, having the chair seems sometimes to be more important than doing the job. It may be that the hon. member who has presented this bill may make a few of us here at this late hour on Friday night just pause for a moment and think whether we in this house are fulfilling in the past few weeks the great traditions and expectations which those who came before us would have of us. I quote, Mr. Speaker, from the tablet in the memorial chamber upstairs, which reads as follows:

> Read how free men throughout this land kept faith in the hour of trial, and in the day of battle, remembering the traditions they had been taught, counting life nothing without liberty.

The thought I should like to express, Mr. Speaker, is that in that same memorial chamber are found these words:

> Ceux qui pieusement sont morts pour la patrie,
> Ont le droit qu'à leur cercueil, la foule vienne et prie.
> Entre les plus beaux noms, leur nom est le plus beau.
> La voix d'un peuple entier les berce en leur tombeau.

In this house, Mr. Speaker, we have heard a great deal about one of our fundamental problems in this nation, namely the question of biculturalism and bilingualism. Here are the roots of the very matter, the subject of this bill: A real and permanent bicultural and bilingual land. I think those who served in the armed forces during the war found almost inevitably young men and women of

French origin serving side by side, sharing danger equally, with those of us of Anglo-Saxon origin. And there were others of Irish, German, Polish and other origins who served just as well. In those days nobody asked: "What is your native tongue? What religion are you?" The issues in this matter did not occur to anyone. The only thing that mattered was the job on hand; what we could do for our country together at that time.

If we recall these last two wars we will find we had a very great foundation of a bilingual nation; for a nation which was truly bicultural. Those of us who served in the air force, as I did, often discussed the fact that while there was criticism at home about the service of French Canadians during the war, it is the fact and statistics indicate that over 50 per cent of those who enlisted in air crew, which possibly was the highest casualty area of the war, were casualties and that very many of these were of French Canadian origin. So that those of us who served in air crew in the R.C.A.F. had no doubts whatsoever that our French Canadian friends and brethren played a full and responsible part with the rest of Canada. I suggest, Mr. Speaker, if we remember the admonition of Mr. Howe to honour our past, to refurbish our monuments and to build upon our great foundations, I think we have a very fine start for this young nation, as we still are, to become a great bilingual and bicultural nation.

The bill is intended primarily, as I read it, to create a holiday for persons in the civil service on remembrance day. As my hon. friend from across the floor suggested, the important thing is not so much the holiday but the remembrance which should be stressed on this particular day. I was most interested, in doing research on this bill, to discover that in 1921, when the bill concerning armistice day was originally presented, these words were said in this house, as reported on page 3773 of *Hansard* for that year:

> Mr. Chairman, I thought this bill was originally introduced by the hon. member for South Renfrew (Mr. Pedlow).

I am pleased to see that as the hon. member for Renfrew South I stand here in an honoured tradition in speaking on this bill which was originally introduced by Mr. Pedlow, the hon. member for South Renfrew at that time. I noted with some concern that at that time, during a brief respite which this party does have from time to time, he was in opposition.

I should also like to refer to a further debate which took place in 1931 when the bill was revised in its present form. I think the gist of the revision was that it segregated thanksgiving day and armistice day, which used to be celebrated together. Some of the words spoken by Mr. Geary, the then hon. member for South Toronto, are pertinent and should commend themselves to our consideration. He said, as reported on page 1062 of 1931 *Hansard*:

> The 11th of November is an appropriate day for that purpose. Thus far we have celebrated Armistice day on November 11 throughout the country. I cannot speak of other parts of Canada than my own home, but there, at eleven o'clock on the morning of November 11, we have a service which is attended by thousands upon thousands of people. Not only is that service attended by these thousands of people, all apparently devout, all very lovingly commemorating the men who lost their lives in the war, but at eleven o'clock as if by common consent, throughout the whole city, in transportation activities, in industrial enterprises, in the shops, on the street, in the courts, everywhere, all activities cease for the short space of two minutes. Men go about their business afterwards but they do not lose the refreshment of memory which they have derived from that one simple act. If this day, through being made a holiday, degenerate into something that has not as its foremost and practically exclusive function this perpetuation of the memories of these men, I think we should be losing all that is sweet, all that is fine in the observances of the occasion.

I think my hon. friend stressed this point, and I think it should be stressed very strongly, that this should not be just a holiday. It should be an occasion not merely when we remember those who fell in the two world wars, but when we should rededicate ourselves to make this country and this land a little more like the place they would have liked to see if they were still here.

To that end may I introduce a suggestion at this time. I understand this bill is going to the committee and I suggest that November 11 should be celebrated in such manner that the provisions of the Lord's Day Act would be made applicable to it. Would it not be possible, instead of November 11 merely being a holiday when we can do whatever we want, when the Coney islands of our country are opened up and when our theatres are opened up, that it be made more than just a holiday and that the Lord's Day Act be applied to November 11?

When the bill goes to the committee I hope the committee will do a little more than just consider it. It is my hope that the entire veterans charter, which I am very proud to say is the product of this party, will be reviewed in that committee in the light of present day needs and circumstances, and in the light of the value of the dollar today as compared with the value of the dollar at the time when many of the rates were set up under the veterans charter.

I think we all owe, not only in this house but in the country, a very great debt of

gratitude to organizations such as the Canadian Legion, the air force association and similar veterans organizations that have made it their job to see that those men and women who served their country are not forgotten. In this day of government to so large a degree by public opinion, it is essential that these people have organizations to speak for them in a corporate way. If they were left to their individual resources I am sure their lot would not be as good today as it is, thanks to the work of the Canadian Legion and similar organizations.

I suggest many of the beneficiaries under veterans' legislation, in particular those persons receiving war veterans' allowances, are in very grave need of consideration today. I think that the return they are getting today is scarcely enough to keep body and soul together. I suggest when this bill goes to the committee there should be a revision of the entire veterans' charter, of the needs of the men and women who served in our armed forces, and in particular of the needs and requirements of those men and women who, today, are disabled by age or by wounds or otherwise from sharing the fruits of the economy of this thriving country. We, the rest of us who are whole, hale and hearty would be only too glad to play our part and to sacrifice a little if we have to, in order to see that these good men and women who did so much for us will not live in penury but will be able to live in dignity and be able to share in some fair measure in the bounties of this land.

I am very pleased to support my hon. friend's bill, strange as this may be, as we are on opposite sides of the house, and I hope when the bill goes to committee the general thought behind it will come to fruition, and in particular the aspect of the bill which refers to remembrance which encourages us—as Joseph Howe has said—to look at our monuments, to shine them up, and to look back so that once again we can look ahead; and that in that committee the entire position of the disabled veterans and those dependant on us by virtue of their service to the country in two world wars will be looked through carefully so that we may not break the faith with them.

(Translation):

Mr. Gerard Girouard (Labelle): Mr. Speaker, I would like to say a few words but not to do my share in talking out another bill that will be dead around six o'clock. However, I feel I should make a few remarks with regard to Bill C-13.

I congratulate the member for Kootenay West (Mr. Herridge) who remembered to submit the views of the Canadian Legion and the various veterans' organizations.

I am of the opinion that the member for Kootenay West was right in insisting that throughout Canada, the 11th of November should be better observed. That is why I wish to point out that when he says:

> The wider meaning of "public service"

should be used, I feel he is right. However, something seems to be lost on the house and I am surprised that the member for Kootenay West who, as a rule, is so precise and clear in his remarks, does not seem to have noticed it, particularly when my colleague, who spoke just before me, said that there is some talk of stipulating a statutory holiday to that effect.

I think that it is wrong and I believe that on that point my colleague from Kootenay West is greatly mistaken.

The Remembrance Day Act provides, as mentioned in the bill:

> Throughout Canada in each and every year, the 11th day of November, being the day in the year 1918 on which the great war was triumphantly concluded by an armistice, shall be a holiday, and shall be kept and observed as such under the name of remembrance day.

I believe, Mr. Speaker, that on that point there is no doubt. The 11th of November is already a holiday. Then what is exactly the purpose of the bill we are considering today?

It is this. Under this bill remembrance day is removed from the list of holidays so that if, at a certain time, it fell on a Saturday or a Sunday, the civil servants could not get a holiday on the next day.

I think that is the exact purpose of this bill. And I do not see how the house can agree about that. In fact, November 11 is a legal holiday whether it falls on a Monday, a Tuesday, a Saturday or a Sunday, and remembrance day must be kept as a holiday throughout Canada.

I think it is very well to seek a way of celebrating remembrance day in a more suitable way by drawing the Canadians attention to it. But if this is a means of taking away a holiday from civil servants when Remembrance Day falls on a Saturday, in order to be agreeable to the Canadian Legion and to the veterans, we do not agree on the matter.

In my opinion, this is a good bill. We should insist on the better observation of this day. But why abolish, for civil servants, the holiday which follows remembrance day when November 11 falls on a Saturday or on a Sunday? I object then to that part of the bill. Our civil servants, who do not have so many holidays during the year, must retain this one.

It has been said a while ago that it is very well to go to cemeteries and think of our departed ones at that time of the year. Well, precisely, our civil servants, who normally have only their week ends to take care of their families and house chores, are very much in favour of a possible postponement of that holiday for a day or two when it falls on a Saturday or a Sunday, so that they too may go and pray on the graves of their departed ones.

In my opinion, we should be against this bill in its present form as it would deprive civil servants of a possible holiday whereas its object is to give more importance to remembrance day.

(Text):

Mr. John R. Matheson (Leeds): Mr. Speaker, in rising to speak briefly on this bill I too would congratulate the hon. member for Kootenay West (Mr. Herridge) who has shown an interest in this subject over many years. The hon. member for Renfrew South (Mr. Greene) referred to a distinguished representative of his riding who had something to say about the early legislation on this matter, and I was reminded of comments made by the gentleman who gave his name to the city where I live, General Sir Isaac Brock, one of the great Canadian veterans who, speaking in the Upper Canada legislature on July 27, 1812, said:

> We are engaged in an awful and eventful contest. By unanimity and dispatch in our councils and by vigour in our operations, we will teach the enemy this lesson: that a country defended by free men, enthusiastically devoted to the cause of their king and constitution, can never be conquered.

It is strange that just as I came across this I received at the same time an invitation to be present at a large veterans gathering of servicemen from Ontario and New York state where they are celebrating their remembrance very shortly together.

I think it is well said that periodically we should have a moment to pause in our deliberations, which are largely directed to economic considerations, in order to consider something of those things which have been referred to as being of the spirit. When we think of what has been the concern of veterans over the centuries we remember that portion of the church of England prayer book where the priest says, "Give peace in our time O Lord". This actually goes back to the time when my ancestors who were from the Scandinavian Norseland were ravaging Anglo-Saxon England, and the reply of the congregation, many of them battle weary, was:

> Because there is none other that fightest for us, but only Thou, O God.

It was a petition, almost a despairing cry, and in these happier days when the matters that are uppermost in our minds are not matters so much of war and peace, surely it is most important that we keep in mind those people who have fought for this country and who have died that we may live in the dignity that we do.

After every great war men have heard the quiet voices of the dead amid the surrounding clamour whispering a prayer for the peace of the world they died to save. Brockington of Canada, this noble voice of so many of our aspirations and hopes, speaks of the brotherhood of the brave. At one time he said:

> Now what manner of men were they? They were bone of our bone, blood of our blood, the gold of our rocks, the salt of our beloved earth. The colours of their individual characters were as varied as the maple trees in the glowing of our autumn. But this was the pattern of their fibre. They all loved peace and hated the cruel necessities of war. They were kind to little children—even to the children of their enemies.

My friend who just spoke referred to some of his friends in air crew and this reminds me of the fact that the cuff links I wear were given to me by Brigadier Paul Triquet, who was a companion many years ago. His gallant men so frequently were the closest people on earth at that time to me. Only at great cost to ourselves can we forget those of them who are dead.

I think that the member who has had the foresight and concern to bring forward this legislation is seeking to change this remembrance day from one merely of merriment and perhaps casual refreshment to one where we are actually brought back even for a short while, even for a short period of hours or minutes, to what this day actually means. He referred to the resolution passed by the Royal Canadian Legion in Halifax in 1962. I have read that resolution carefully. I think the important words in it are to the effect that "the Legion looks to the government to set an example to the whole nation of the significance of remembrance day." As the hon. member said, another resolution was brought forward which provided that every person engaged in essential services should have an opportunity to attend a remembrance day service.

I am not sure whether or not the bill in its present form is exactly what those people who have studied the matter over many years would wish. I rather suspect that the Royal Canadian Legion, which at the present time is our best channel of communication

on this subject, has been exposed to two almost diametrically opposed views, but in any event I think that the bill should be considered carefully by the veterans affairs committee because it points up the fact that at the present time the day is tending to become simply a statutory holiday without the significance that we would wish it to have.

Elsewhere in his comments to the people of Canada Leonard Brockington spoke about the old play, "The Bluebird". You may remember that it was a story of children who were seeking to find the bluebird, the bluebird that in fact turned out to be the blackbird in the wicker cage in the kitchen, but they did not know it. This is a lovely story, and as the children entered the land of memory one of them said to her who was guiding them:

> How can we see them when they are dead?

And she answered:

> How can they be dead when they live in your memory?

Having been to a good number of school occasions where young people have been compelled as a matter of routine to observe remembrance day, I am satisfied that young people do care when somebody who is a little older takes the time to talk to them quietly and earnestly, because after all most of these people, this rich legacy of dead in the wars of Canada, were young people, young in heart, the brave and the young and the fresh. The tragedy is that as we sit even in this august chamber we lose something of that freshness, that cleanness and that spirit of dedication that they had.

There is a story about the meditation room in a British aircraft carrier during the second world war. In this place of worship there was, of course, a picture of the holy family, a Bible and certain religious relics. But there were also a number of paintings of England. A stranger who was visiting the ship went into this room and he looked around and said, "I do not really see the propriety of these pictures of England on this altar". The captain of the ship said, "Sir, when you are fighting for England every picture of England is sacred also".

I think that is very much how our sons felt about Canada, those people who would have liked to come back here and have had children, who would have liked to have businesses, farms, fishing boats and the ordinary joys. They would have liked to serve Canada in this place had the opportunity been theirs. I think that if we do anything other than remember these people in the most dignified and earnest way we can we are letting down not them but us. In Coriolanus Shakespeare says that "Ingratitude is monstrous, and for the multitude to be ungrateful were to make a monster of the multitude".

So, Mr. Speaker, with all others who have spoken I commend our old friend from Kootenay West who so often says these things better than we can ourselves. I take my seat now in order that the government may have the opportunity to dispose of this bill in the fashion that has been indicated by previous speakers.

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I move, seconded by the Postmaster General:

> That this bill be not now read a second time but that the subject matter be referred to the standing committee on veterans affairs.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. MacNaught: Since it is now eight minutes to six, I wonder if I could suggest that it would be most unfair to any hon. member to start a debate on a private bill at this late time. I believe it would be the view of the house that, by unanimous consent, Mr. Speaker, you could call it six o'clock.

Mr. Knowles: There is just one comment I might make, and at least one other member who is present will confirm what I say. There was a meeting of the party representatives with the Secretary of State a few minutes ago. I believe he intends to make an announcement to the house about the business for the next number of days. Perhaps we might contain ourselves, as the Minister of National Health and Welfare would say, until the Secretary of State arrives.

Mr. Lloyd: Perhaps it would be appropriate if we were to exercise some patience to see if an opportunity would not present itself for us to hear from the Secretary of State. I take this opportunity of joining with other hon. members in considering the matter of deferring the debate on private bills. It is rather relaxing for those of us who come from the maritime provinces to take advantage of this opportunity. We might take advantage of it. However, I understand the Secretary of State has now arrived.

Mr. Churchill: Now that the Secretary of State has returned and the government will not collapse, as he suggested to us the other day, we are waiting to hear from him with regard to the forecast of the business for the next few days and an announcement as to whether or not the house will be sitting on July 1.

Mr. Pickersgill: Mr. Speaker, the clock does not indicate six o'clock, and I am a little unaware of what has happened. However, I apologize for not being in my seat. The business for the first part of next week has already been prescribed, that is up until Wednesday night, unless after the vote on Monday hon. members feel inclined to decide that the budget has been debated long enough and allow the main motion to pass.

Mr. Churchill: There may be dissolution.

Mr. Pickersgill: Perhaps I might use the words of a very great Canadian who sat in this house for many years and say, if we are spared, when the budget debate is concluded, the first item the government would like to call is the department of industry bill, to be followed by the resolution on the Atlantic development board. I believe the debate on that is just about concluded. If we could conclude those two items on Thursday and the Atlantic board bill had been introduced on Thursday and hon. members were agreeable, we would take it on Friday. Of course, if we do not get the resolution through, we could not take the bill on Friday. The third item of business would be the economic council, subject to a matter about which I spoke to the representatives of the other parties with respect to one item on the order paper about which there may be some obligation on the government and the house to take some action. I am looking into that point.

It is felt by the government, and I think it will probably be felt by most hon. members that in view of the great amount of business there is to be done, we could show our respect for our country best on July 1 by getting on with the country's business, and that is what we would propose to do. I think the Minister of Finance will move on Monday, July 1, to go into committee of supply. We feel we should not go any longer without getting some of the departments entered so we can get on with the estimates.

Mr. Nowlan: I know the words the hon. member used are almost identical to the ones I have heard used when I sat on the other side of the house, but I think there has been a practice to adjourn for the evening of July 1 if the house would ordinarily be sitting. I think July 1 is on a Monday. I wondered if consideration had been given to that.

Mr. Pickersgill: I would be glad to consider that, particularly since it will be a supply motion; if the opposition would be agreeable to adjourning that evening of July 1, I imagine there would be no objection from this side.

Mr. Nowlan: There is some sort of celebration on the lawn in which everyone is supposed to join; I do not know what it is.

Mr. Pickersgill: I am perfectly happy to give consideration to that suggestion.

Mr. Nowlan: The mere fact I suggested it does not mean I will acquiesce.

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

HOUSE OF COMMONS

Monday, June 24, 1963

The house met at 2.30 p.m.

HOUSE OF COMMONS

ST. JOHN THE BAPTIST DAY, QUEBEC—DISCOVERY DAY, NEWFOUNDLAND

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is the feast day of St. John the Baptist, the patron saint of French Canada. I am sure I speak for all hon. members of this house and especially, may I add, for those of the English language, when on this day I extend to our countrymen of French language and culture in the province of Quebec and elsewhere in Canada an expression of sincere good wishes and deep respect. Down the years French Canadians have drawn on deep reservoirs of courage and faith, dedication and vitality, in making their indispensable contribution to the development of our country while maintaining their special loyalty and devotion to their own rights and traditions within that country.

On this day of commemoration for one of the founding races in the great partnership of confederation I think we would do well to remember that diversity and not uniformity of race and culture is the essential and basic characteristic of Canadianism. This need not, however—I suggest must not—lead to any sacrifice of unity in the achievement of a common Canadian purpose. Other Canadians can share in the pride of French Canadians in their own traditions, their own culture and their own language, just as all Canadians of whatever origin and culture can share in the resolve to work together to realize a common future and a good future within confederation.

This is also, Mr. Speaker, what is known in Newfoundland, I believe, as Discovery day. It is a day which has particular meaning in the history of Canada, for it was on this day 466 years ago that the redoubtable explorer John Cabot had the great good fortune to discover a land that became the ancient colony and is now the Canadian province of Newfoundland.

I am certain that all hon. members of this house will join me in paying a sincere tribute to the vigorous, warm hearted and courageous people of that land. How fortunate we are to have them in confederation. We owe much to John Cabot, Mr. Speaker.

(Translation):

Right Hon. J. G. Diefenbaker (Leader of the Opposition): St. John the Baptist's day awakens in every French Canadian deep and lasting memories. This fine day is the occasion for celebrations as imposing as they are colourful.

The festivities recall the traditions of the French Canadian people and quicken their patriotism.

St. John the Baptist was chosen as patron of French speaking Canadians because of his courage, his strength, his humility and his great faith.

French Canadians are justified in being proud of their past and of their present contribution.

On this significant day in the history of Canada, I extend my best wishes to all French Canadians.

(Text):

Mr. Speaker, I join in the words expressed by the Prime Minister regarding Newfoundland, this being Discovery day. I would add my word of tribute to the people of that great island and province, and on behalf of all of us say how very much their joining Canada has added to the strength of our country. I am glad that the tribute was paid to John Cabot, though the Prime Minister turned to his right and indicated that he had another John in mind.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I am pleased, on behalf of my fellow French Canadians, to acknowledge the kind words just spoken by the Prime Minister (Mr. Pearson) and the Leader of the Opposition (Mr. Diefenbaker).

Today, June 24, feast of St. John the Baptist, is the national holiday of French Canada.

I know that the more than six million French Canadians scattered all over Canada are commemorating this day, June 24.

In view of the fact that the French Canadians are the descendants of the brave pioneers who set foot first on the soil of America and that they are today the most important ethnic group in Canada, it is fitting to recall their national holiday.

Mr. Speaker, I feel that a new era is beginning today for the French Canadians and I hope that many other anniversaries will follow. In view of the increased good will between the two main ethnic groups in

Canada, I am sure that we can hope in the years to come to see that understanding deepen; and then, hand in hand, we will be able to build a strong and powerful Canada, one that will belong to Canadians.

(Text):

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, as a Baptist it is a particular pleasure for me to extend greetings to our French Canadian friends on this, the national holiday of French Canada, St. Jean Baptiste day. We sincerely hope that our friends the French Canadians on this day will be able to celebrate this great holiday of theirs and work out together with us that great partnership within confederation which was the dream of the founders of Canada.

It is rather significant that the newly elected Pope, Pope Paul VI, has as two of his Christian names Giovanni Battista, which is the Italianized form of John the Baptist and which I am sure will give the French Canadian population of Canada a feeling of kinship with the new Pope.

I also join with the Prime Minister in paying tribute to the province of Newfoundland on this day when they are celebrating the 466th anniversary of the discovery of that great island, and I express the hope that the province of Newfoundland will continue to be a happy member of the Canadian family of provinces.

(Translation):

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I am glad to join the preceding speakers in offering my congratulations to my fellow countrymen in the province of Quebec as well as in the other provinces, on our national holiday.

On this occasion I would also like to thank the Prime Minister (Mr. Pearson) who, in the name of English speaking Canadians, was kind enough to offer congratulations to my fellow countrymen.

In the last few years an unusual evolution has been taking place in all spheres in the province of Quebec. It is by taking that evolution into account that the new Canadian government wants confederation to develop from now on according to the principle of equality between the two peoples who founded our nation, allowance being made for the contribution of other national groups to the cultural enrichment of our country.

Some of my fellow citizens suggest that we follow the way towards separatism. As far as I am concerned, I am convinced that this is bound to lead to serious disillusions. The only course acceptable is the one which will allow us to become equal partners in a renewed confederation.

[Mr. Lessard (Lake St. John).]

Such is the purpose of the new Canadian government and such is the wish of the major part of our people. This wish I express with joy and pride on this national day.

I should like also to congratulate our colleagues and our countrymen from Newfoundland on this anniversary of the day of discovery.

Mr. Gerard Girouard (Labelle): Mr. Speaker, I rise on a question of privilege. With reference to the fine words of the hon. Minister of Justice (Mr. Chevrier) and as we are celebrating today our national holiday, I am asking the government to hoist immediately on the Peace tower the fleur-de-lis flag as a tribute to French Canadians.

This in no way would be illegal, since Canada has no national flag at the present time.

(Text):

[*Later:*]

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I have a question for the Prime Minister. In view of the remarks made by the Prime Minister at the commencement of today's proceedings, is he aware that the Cape Breton historical society, led by the president of the ladies Liberal association of my riding, is today celebrating the landing of John Cabot on Cape Breton island? In fact the ceremonies are on just about at this time.

Mr. Pearson: Mr. Speaker, I knew I was treading on matters of very immediate controversy as well as of great historical significance, and I am sorry if I offended my hon. friend and any of his friends by giving the wrong pronunciation to the name or even suggesting that he went to the wrong place.

FINANCE

STATEMENT RESPECTING SALES TAX ON BUILDING MATERIALS

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, as I indicated on Friday to the hon. member for Medicine Hat I should like to make an explanation today with regard to the application of the sales tax on building materials and production machinery.

In the budget speech the Minister of Finance indicated that relief would be granted where a manufacturer or contractor is prevented by a fixed price contract from including the new tax in his selling price. The provision for this relief is found in paragraph 13 of the excise tax resolution.

This provision for refunds covers all building materials and production machinery for which exemption from tax has been withdrawn by the resolution. It covers both

manufacturers and contractors but the procedure to be followed in these two cases differs.

The first situation where relief is granted is where a person, such as a manufacturer or licensed wholesaler, is required to pay sales tax on his sales after budget date but is prevented by reason of a contract signed before June 14, 1963 from adding this tax to the price at which he sells the said goods. In order to qualify for a refund the goods must be sold and delivered before June 14, 1964. The relief will take the form of a refund of the tax to the manufacturer or licensed wholesaler, or the granting of a deduction for an amount equal to the tax from the total amount of sales tax otherwise payable by the manufacturer or wholesaler for the month. The manufacturer or wholesaler does not have to make formal application for the refund. In practice he will likely refrain from paying the tax in question to the government and will satisfy the tax auditor by producing the written contract.

The second situation where relief is granted is where a person, such as a building contractor, has not paid the tax directly. He finds on the one hand that the building materials he must purchase after budget date have been increased in price by the addition of the sales tax but on the other hand he is prevented from making a corresponding increase in the price of the building he is constructing by reason of a fixed price contract signed by him before June 14, 1963. The relief in this case takes the form of a payment by the Minister of National Revenue to the contractor equal to the amount of the tax paid on the goods purchased by the contractor. In order to qualify for this payment the goods must be delivered before June 14, 1964 and the contractor may make application to the Minister of National Revenue at any time but not later than June 14, 1966.

It will be noted that the contract fixing a price must be in writing and have been signed by the parties thereto before June 14, 1963. It should also be noted that refunds, however, cannot be made until after this house has passed the enabling legislation.

There are different types of contractual obligations, and where a person is in doubt as to whether or not his contract comes within the relieving provision it is recommended that the contractor or vendor submit a copy to the Department of National Revenue for review. We are presently reviewing various contracts which have been referred to the Department of National Revenue.

When the sales tax exemptions for building materials and production machinery and equipment were withdrawn on June 13, certain exemptions for specified purchasers were left untouched. These include the following:

1. Articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health and Welfare continue to be exempt. This exemption includes building materials purchased to build a hospital.

2. Purchases by any institution certified by the Minister of National Health and Welfare to be a public institution whose principal purpose is to provide shelter and care for children or aged, infirm or incapacitated persons who reside in the institution will continue to be exempted by way of refund. This will provide an exemption for building materials used to build such old folks' homes, orphanages, etc.

3. Municipalities will continue to benefit from the exemption from tax on their purchases of the goods listed in schedule III under the heading "Municipalities". These include:

Culverts; diesel fuel oil for use in generating electricity; equipment at a price in excess of $500 per unit specially designed for road making, road cleaning, or fire fighting; fire hoze and nozzles; fire truck chassis; laminated timber for bridges; precast concrete shapes for bridges in public highway systems; structural steel and aluminum for bridges.

The excise tax resolution proposes that goods forming part of sewerage and drainage systems be exempt from sales tax when sold to or imported by a municipality for its own use and not for resale. This exemption will also cover purchases of materials for sewerage and drainage systems by subdividers or building contractors who are required to instal these services and turn them over to a municipality.

4. Crushed stone, sand, gravel and fieldstone continue to be exempt.

5. Farm machinery including farm tractors and equipment used in commercial fishing continue to be exempt.

I should add that the Department of National Revenue is doing its utmost to be of assistance to all concerned. Any person manufacturing or producing goods which he has reason to believe might now be taxable should get in touch with the nearest excise tax or customs office. These officers are to supply him with a brief questionnaire the answers to which will indicate whether or not he is required to be licensed. He will be supplied with copies of the Excise Tax Act and the budget resolutions as well as a copy of the general regulations. Although the initiative rests with

the manufacturer to take the first step, the department is proceeding on its own to send out questionnaires and the above information to those whom they know or feel would be concerned.

As there seems to have been some misunderstanding as to the level at which the sales tax applies, I should point out that it is a manufacturers' tax and, therefore, applies at the first step in the distribution process. Perhaps I can best illustrate this by reference to its application to building materials used in the construction of a single detached house financed under the N.H.A. which act is administered by the Central Mortgage and Housing Corporation for which I report to parliament.

The average single detached house financed under N.H.A. in 1962 had a total cost of $15,233 of which $12,204 was for construction. It is estimated that of the $12,204 for construction costs, building materials account for $5,500, the remainder being labour costs and allowances for overhead and profit, etc.

In assessing the effect of the sales tax, two circumstances must be taken into account. First, even prior to the recent budget announcement, the sales tax was being paid on certain building materials. Manufactured kitchen cabinets, electrical wiring and plumbers' piping were among these. These items accounted for about 5 per cent of the value of building materials used in the average house. Second, the sales tax is applied to the manufacturers' sale price, that is: before the mark-up for overhead and profit applied by dealers and other distributors of the building materials.

When allowance is made for these considerations, it is estimated that the 11 per cent sales tax to be applied to building materials not formerly taxed will be based on the manufacturers' sale prices of $3,913. This implies an increase in tax for the average N.H.A. house of $430.

Of course, when we look at the effect on an N.H.A. financed house we must also take into account the effects of other measures included in the budget. I refer particularly to the increased loan amount that will be available in the N.H.A. and the reduction in the maximum N.H.A. rate of interest. The effect of these measures is, in fact, to reduce the down payment and leave the monthly carrying charges approximately the same.

I hope the explanations I have given today will prove to be helpful. It is realized, of course, that in an over-all explanatory statement of this kind it is impossible to envisage and answer all individual situations and cover all possible questions. I suggest, however, that there will be other opportunities where it is customary to deal with such particulars in greater detail. These opportunities will come when the house is in committee to debate the budget resolutions and, subsequently, to consider the provisions of the bill to amend the Excise Tax Act.

Meanwhile the department will continue to answer questions referred to it and assist the taxpayers in any of their problems.

In order to be of assistance to persons who believe they are entitled to relief because they are a party to a fixed price contract, as explained earlier, the department is willing to examine their contracts if they wish to forward them to the customs and excise division in Ottawa before they go to the work of preparing their refund claims.

Mr. H. A. Olson (Medicine Hat): I am sure all members of the government will welcome what has been said by the Minister of National Revenue in clarification of this regulation. I personally appreciate the effort he has made in giving us at least a partial explanation of the application of this new tax.

If I understood him correctly, he said there would be refunds in respect of all building material going into jobs where there had been fixed contract prices. I think this would include such things as the Peace river dam, which was contracted prior to June 14. I understand that negotiations with the federal government are now being carried on with regard to this matter. Here there is still an area of confusion, because all the material to be purchased in connection with this contract would certainly not be purchased before June 14. I was happy to hear the minister say that some exemptions would be made in the case of social services and development schemes carried out by municipalities; also that there would be exceptions made in the case of institutions designed for the shelter and care of children and the aged.

However, there were one or two things which were not explained. I refer to the collection of this tax at what I took the minister to mean the primary level, and I have in mind in particular the lumber industry. Are we to understand there would be no sales tax, for example, on windows and doors, which merely represent the secondary stage of manufacture, and that the sales tax is to apply only to the raw material, or the first stage of manufacture? It would appear that this would come under the heading of rough lumber only. However, I am not sure this is the meaning to be drawn from what the minister has said. Obviously we should not like to see a situation where

there would be double taxation applicable to these secondary stages of building material manufacture.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I think there will be general disappointment at the announcement made by the hon. gentleman. While his statement does remove one or more of the anomalies in connection with the imposition of this tax, I feel he should have gone further and that consideration should have been given to the withdrawal of these charges, which cannot but have a colossal adverse effect on production and economic growth in our country. A patchwork of this kind simply emphasizes the fact that insufficient study was given to this matter before the tax was imposed.

There is one phase with which I should like the minister to deal. Apparently the government intends to push this through regardless of the avalanche of criticism which has come from all parts of this country. The question I have in mind is this. Where large construction projects have been agreed upon by corporations or individuals and the tenders have not yet been let, is it the intention to impose the tax as of June 14? If it is, I am sure that many projects running into the tens of millions of dollars will be denied unless action is taken in this respect. I do not wish to go into the details mentioned by the minister; these details are insignificant when compared with the problem as a whole and the possible detriment to the Canadian economy at this time.

Mr. Garland: I am reluctant to answer these questions off the top of my head when they concern a matter as important as this, but it seems to me the question which the former prime minister has raised is one which could be discussed more properly when the resolutions are being debated. Today I am simply interpreting the resolution as it appears.

Mr. Reid Scott (Danforth): Speaking for the New Democratic party may I say we were glad to hear the hon. gentleman's statement, which has to some extent alleviated the worst features of this tax on materials. I am glad to see that some exemption from the effect of this tax will be granted with respect to certain public institutions such as hospitals and homes for the aged. It is regrettable, though, that no exemption is provided in the case of schools, universities, certain provincial programs, public investment programs and private investment projects.

Notwithstanding the minister's remarks, we are firmly of the opinion that the whole tax is a regressive move. It has singled out the most important and sensitive section of the development part of the economy, and it is bound to affect adversely our development program from coast to coast. We believe it is incompatible with the government's announced aim of obtaining full employment. On the one hand it holds out the hope of increased revenue, while on the other it sets in progress a movement in the economy which will reduce employment, increase the price of houses, and likely reduce the government's total income. In this regard I would endorse the words of the Leader of the Opposition; having begun to back down on this tax it would be more appropriate for the government to withdraw it entirely.

FISHERIES

NORTH PACIFIC TREATY—STATEMENT ON PROGRESS OF NEGOTIATIONS

Hon. H. J. Robichaud (Minister of Fisheries): I should like at this point to make a further report to the house on the progress of the north Pacific treaty negotiations which commenced in Washington, D.C. on June 6. These negotiations recessed on June 21 and are tc recommence this autumn.

As many hon. members already know, the present international convention for the high seas fisheries of the north Pacific ocean came into force June 12, 1953, for a definite period of ten years, after which it could be terminated on one year's notice by any one of the three parties, that is to say Canada, Japan or the United States. The ten years are now over and the recent conference was held at the request of Japan to consider the possible need for modification of the convention.

The present convention, alone among all fisheries treaties, embodies the principle of abstention. Under this principle if one or more of the parties are exploiting a fish stock to the full and are restricting their fishing by regulations based on scientific research in order to maintain that fish stock at a productive level, the other party or parties will abstain from entering the fishery.

In accordance with this principle Japan, under the present convention, is required to abstain from fishing the important salmon, halibut and herring stocks of North American origin, and Canada abstains from fishing salmon in the Bering sea. Our fisheries have in this way had a very large measure of protection from the expanding Japanese high seas fishing operations. There have been some difficulties in the application of the principle of abstention, but our experts believe that no stocks which do not qualify now remain under abstention and that all stocks which qualify are presently under abstention. Continuation of the present convention, including

the abstention principle, is thus very important to the Pacific fisheries of Canada.

This convention has not been popular in Japan because it has restricted the expansion of their fisheries in the northeastern Pacific. Early during the present negotiations the Japanese delegation proposed a revision of the treaty to eliminate the principle of abstention, which they claim to be monopolistic and contrary to generally accepted principles of freedom of fishing on the high seas. With this principle removed the convention would provide for joint conservation measures, but would not afford protection to the fisheries which have been brought by Canada and the United States to high levels of utilization and productivity through great efforts on the part of our two countries.

During the negotiations the Canadian delegation supported the principle of abstention, claiming that the last ten years have shown it to be an equitable and workable means of maintaining the unique fisheries to which it applies in the north Pacific. Our delegation pointed out that the abstention principle had majority support at the conference on the law of the sea and has achieved a large measure of international recognition. The Canadian delegation also pointed out that not only are the stocks of salmon, halibut and herring, to which the abstention principle applies, fully utilized by our fishermen but have been maintained at their present high productive levels by strict regulation of our fisheries based on scientific research.

Furthermore, our countries have brought these fisheries to their present high levels of utilization and productivity at considerable cost, not only for research and enforcement of restrictions on our fishermen but, especially in the case of salmon, through positive fish culture measures and through abstaining ourselves from using the rivers in which the salmon are bred for other purposes such as power development, irrigation, waste disposal, etc. The maintenance of these fisheries, already difficult and expensive, would become almost impossible if the benefits of these measures were not reserved for our own fishermen. The Canadian and United States delegations were in complete accord in insisting on the continued inclusion of the abstention principle in the north Pacific treaty.

During the conference there has been an exchange of views which has clarified the positions of the three parties. The convention has defined the problems and indicated in a preliminary way some of the possible means of solving them. One of the most difficult problems is caused by the intermingling on the fishing grounds of halibut which require protection under the abstention principle with larger stocks of other bottom fish which are not now intensively fished by the United States and Canada and from which Japan has no obligation to abstain. The problem here is to devise means by which Japan can make use of these stocks, some of which are already being fished extensively by the Soviet union, while at the same time affording protection to the halibut fisheries which have been maintained at a high level by a convention between the United States and Canada which is one of the oldest and most successful fisheries treaties in existence.

Although Canada, Japan and the United States all agree that a convention among our three countries is necessary to maintain the fisheries of the north Pacific in the interests of the fishing industries of our three countries, no agreement has yet been reached regarding modification of the present convention to this end. The Canadian delegation believes that all these problems, including both the special protection for our unique salmon, halibut and herring fisheries and the conservation of the north Pacific fisheries generally, can be solved within the framework of the present convention and will endeavour in the further discussions planned later this year to bring this about.

I would reiterate, Mr. Speaker, that any tentative agreements reached during these negotiations will be fully discussed before the standing committee on marine and fisheries before final acceptance by the government.

Hon. J. A. MacLean (Queens): Mr. Speaker, on behalf of the official opposition I welcome this statement from the minister, but I think in common with Canadians everywhere I regret the unfortunate circumstances which made an agreement of this type apparently not possible at this convention in Washington.

However, I do agree with the minister that the retention of the abstention principle with regard to this fisheries treaty is of vital importance to Canada. As the minister pointed out, Canada and the United States have large investments in these stocks of fish and have reserved various rivers for their use so that it will be possible to reproduce their kind. Both countries have large investments in fishways and other assistance to the migration of fish, along with the greater amount of public funds which have been invested in research in this regard. Therefore Canada and the United States have a special proprietary right to these stocks of fish, and it is the hope of myself and my colleagues that this right can be protected, that an agreement will be reached eventually which will retain the abstention principle, and that the treaty may

be maintained under all circumstances for the future orderly development of the living resources of the north Pacific.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we welcome the report of the Minister of Fisheries relative to the meetings which have just been held. I am sure all members of the house realize the importance of the matters which have been discussed in this connection. Even though some of them may have had special application to the west coast, we are glad that hon. members from all parts of Canada recognize the vital importance of the Pacific fisheries off our west coast.

We appreciate the stand which has been taken by the Canadian delegation with respect to the maintenance of the abstention principle. There had been widespread fears that Japan was endeavouring to take over piece by piece until they would have unrestricted right to exploit the fisheries, and this question has been brought to the attention of the minister on a number of occasions. We are happy that the delegation has insisted on the retention of this principle, and we do trust that in future negotiations this position will be maintained.

We are also happy today to hear that these matters will be referred to the committee on marine and fisheries before any final decision is taken with respect to them. This is something we have been requesting, and we trust that all these matters relative to the fisheries industry will be presented to the committee for consideration and recommendation.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I am sure hon. members of the house are glad that the Minister of Fisheries has given us a rather lengthy statement on the negotiations which took place in Washington with respect to the north Pacific fisheries treaty. I must say that I feel the minister has not really told the house a great deal of what actually went on in Washington. Most of his statement outlined the provisions of the present treaty, and in so far as that was done I think it may serve to give all hon. members of the house who are not intimately acquainted with this treaty a full understanding of what is involved, and from that point of view I welcome his rather expansive statement in this connection.

I was certainly glad to hear him say that our delegation in Washington took a position on the question of the retention of the abstention principle. I hope this position was a strong one and that the other delegations from the present member nations of the treaty did not go away from these preliminary discussions with any idea that Canada would cavalierly or lightly accept any modifications in this connection. I think it is important that all members of this house recognize just how vital a question this is to the Canadian nation, and that it is not something which should concern only those of us who happen to live near the shores of the Pacific ocean.

I do most heartily welcome one statement the minister made, if I heard him correctly, when he said that the marine and fisheries committee would have an opportunity of going into this matter prior to any final decision being reached by the Canadian government. I think that is perhaps the most significant part of the minister's statement for those of us who have been attempting to follow developments in this connection. I would have welcomed some indication from the minister that the delegations of the various nations in Washington who are now members of the current treaty had given consideration to and discussed the advisability of inviting other nations in the Pacific basin to participate in a newly negotiated treaty, if it is going to be revised.

The minister has not given us any indication that this will be done, and I think the house should recognize that there are some indications that other nations are taking an interest in this matter. My questions to the Prime Minister in this connection have not led to anything very conclusive, but certainly I think we all recognize that at least one other nation is vitally concerned in the north Pacific fishery, and perhaps consideration should be given to having that nation included in the treaty.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*RESPONSIBILITY FOR INDIAN EDUCATION

Question No. 260—**Mr. Pigeon:**

1. Who is responsible for the education of Indians in Canada?
2. Are both official languages taught in their schools?
3. What school textbooks are used in Indian schools and who is responsible for their preparation or selection?

Mr. Munro: 1. Subject to the provisions of the Indian Act, the federal government is responsible for the education of Indians in Canada.

2. The program of instruction in Indian schools is that of the province in which the Indian school is located. The extent to which both official languages are taught in Indian schools therefore depends upon the structure of the provincial course of studies.

3. The text books used in Indian schools are those authorized by the provincial governments. The text books are prepared and

selected under the guidance of the provincial departments of education or their counterpart.

R.C.M.P. BARRACKS, SELKIRK CONSTITUENCY

Question No. 291—**Mr. Stefanson:**

1. How many R.C.M.P. detachment barracks were built between March 31, 1958 and April 8, 1963, in the federal constituency of Selkirk?
2. Where are these located; when, and at what cost, were they built?
3. Have sites been bought at other locations for R.C.M.P. detachment barracks and, if so, where and when have sites been purchased, from whom, and at what cost?
4. When are tenders expected to be called, and work to be completed?

Mr. Macdonald: 1. Three.

2. Selkirk, Manitoba, built in fiscal year 1958-59 at contract price of $41,951. Lundar, Manitoba, built in fiscal year 1959-60 at contract price of $47,012. Gimli, Manitoba, built in fiscal year 1961-62 at contract price of $31,291.

3. Yes, Teulon, Manitoba in 1962 from the United Church of Canada at a cost of $750. Ashern, Manitoba in 1962 from Mrs. Alice E. Irwin at a cost of $600.

4. No funds have been provided in the 1963-64 R.C.M. police estimates for construction at Teulon and Ashern, Manitoba, and consequently it is not known when tenders will be called or the work completed.

*PEST-KILLING PRODUCTS SOLD IN CANADA

Question No. 380—**Mr. Fairweather:**

1. Are any of the following pest-killing products now being marketed in Canada: (a) Algimycin 200 (b) Algimycin 300 (c) Hari-Kari Lindane tablets (d) Lindane pellets (e) Lindane "Bug Pill" tablets (f) Lindane "Vapo-Tabs" tablets (g) Perma-Guard?
2. If so, has each of the products been approved by the food and drug directorate of the Department of National Health and Welfare?

Mr. Dupuis: 1. Pest control products, before being marketed in Canada, are required to be registered under the Pest Control Products Act, administered by the Department of Agriculture.

"Lindane pellets" is a generic term applied to several lindane products. Lindane "Bug Pill" tablets are registered for fumigation, but not for continuous vaporization. Lindane "Vapo-Tabs" tablets are registered for continuous vaporization in commercial premises, but not for use in residences. "Hari-Kari Lindane" tablets were refused registration in Canada.

"Perma-Guard" is not registered.

"Algimycin 200" and "Algimycin 300" are not regarded as subject to the Pest Control Products Act.

2. No, none of the products listed in question 1 has been approved by the food and drug directorate. The Food and Drug Act does not grant any authority for approving the marketing or use of any pesticides.

With respect to pesticide formulations the Food and Drug Act provides authority only for the control of residues of their toxic ingredients in or upon foods.

AGES OF VETERANS AND VETERANS WIDOWS

Question No. 383—**Mr. Mather:**

1. Approximately how many first or second world war veterans of the Canadian forces are between the ages of 65 and 70?
2. Approximately how many veterans widows are between the ages of 65 and 70?
3. Is consideration being given to making veterans and veterans widows eligible for old age assistance pension benefits without the means test?

Mr. Pickersgill: 1. It is estimated that there are approximately 76,700 veterans of the Canadian forces in world war I now living in Canada who are between the ages of 65 and 70. The corresponding estimate for world war II veterans is 3,900.

2. It is estimated that there are approximately 26,000 widows of deceased members of the Canadian forces now living in Canada who are between the ages of 65 and 70.

3. Old age assistance is administered and paid by the provinces under provincial law. Under the authority of the Old Age Assistance Act the government of Canada shares the cost of assistance paid by the provinces to the persons and under the conditions specified in that act and the regulations made under it. There has been no discussion by federal authorities with the provinces for the purpose of considering conditions of eligibility for veterans and veterans widows.

SENTENCES OF PREVENTIVE DETENTION

Question No. 420—**Mr. Howard:**

1. Since January 1, 1960, has any application for a sentence of preventive detention been made under section 660 of the Criminal Code and, if so, for each month since that time what was, by provinces (a) the age of each individual (b) the number known to be narcotic addicts (c) the total number (d) the number of sentences so imposed (e) the number of applications still pending (f) the number of dismissals?
2. With respect to each individual, what were the three separate and independent occasions upon which he had been convicted of an indictable offence, and for which he was liable to imprisonment for five years or more?
3. By provinces, how many persons are presently serving a sentence of preventive detention, and how many of these have been so detained for (a) one year (b) two years (c) three years (d) four years (e) five years (f) six years (g) seven years (h) eight years (i) nine years (j) ten years (k) eleven years (l) twelve years (m) thirteen years (n) fourteen years (o) fifteen years?
4. How many persons who have been sentenced to preventive detention have been paroled after serving of that sentence (a) one year (b) two years (c) three years (d) four years (e) five years (f)

six years (g) seven years (h) eight years (i) nine years (j) ten years (k) eleven years (l) twelve years (m) thirteen years (n) fourteen years (o) fifteen years, and how many have violated that parole?

Mr. Macdonald: 1 and 2. These applications are made to the courts and therefore the information is not available in the Department of Justice.

3.

	N.B.	Que.	Ont.	Man.	Sask.	B.C.	Total
Less than 1 year		1	5	1		3	10
1 year			1		1	3	5
2 years	2	1	3		4		10
3 years	2	1	1	1	1	1	7
4 years	1		1	1		2	5
5 years		1				2	3
6 years					1*	2	3
7 years	1		3		2		6
8 years			1	1		1	3
9 years			2	1	2	2	7
10 years			1		1	1	3
11 years				1		1	2
12 years				1	1		2
13 years			1			1	2
14 years							nil
15 years							nil
Total	6	4	19	7	13	19	68

*One inmate confined provincial mental hospital since April 1959.

4. Time served when paroled

(a) one year to two	0
(b) two years to three	0
(c) three years to four	0
(d) four years to five	3
(e) five years to six	0
(f) six years to seven	13
(g) seven years to eight	15
(h) eight years to nine	8
(i) nine years to ten	3
(j) ten years to eleven	5
(k) eleven years to twelve	0
(l) twelve years to thirteen	0
(m) thirteen years to fourteen	0
(n) fourteen years to fifteen	0
(o) fifteen years and up	0
Total	47

Parole violations

Revocations (breach of parole condition)	9
Forfeitures (further convictions)	2
Total	11

MORRIS-ROLAND, MAN.—MAIL CONTRACT

Question No. 430—**Mr. Jorgenson:**

1. Has the contract been awarded for hauling mail between Morris and Roland, Manitoba and, if so, who was the successful bidder?

2. What were the names, and the amounts of each of the bidders?

Mr. Denis: It is presumed that this question refers to the mail service between Morris and Myrtle, Manitoba, for which tenders have recently been invited. Mails for Roland are not routed through Morris, Manitoba.

1. No.

2. Winston Charles Watson, Myrtle, $1650; Clarence A. Fredrick, Box 179, Altona, $1950; Alvin H. Dyck, Box 84, Morris, $1950; Arnold Heinrichs, Box 176, Morris, $2000; Omer Laferriere, Morris, $2182.44; Daniel Lohr, Box 136, Morris, $2200; Arthur J. Desaulniers, St. Elizabeth, $2240; Reinhold J. Stober, Box 320 Morris, $2300; John R. Koop, Box 335, Morris, $2300; Henry K. Enns, Box 126, Lowe Farm, $2799.

FIREFIGHTING EQUIPMENT, NORTHWEST TERRITORIES

Question No. 436—**Mr. Rheaume:**

1. What firefighting equipment is now available at each of the following airports in the Northwest Territories (a) Fort Smith (b) Yellowknife (c) Inuvik (d) Frobisher Bay?

2. What standards does the department of transport follow when providing firefighting equipment for airports under its management?

3. Is the available equipment at the above northern airports adequate to meet minimum requirements and, if not, what steps is the department taking to improve the situation?

Mr. Cantin: 1. The following crash firefighting equipment is now available at:

(a) Forth Smith airport, one crash rescue truck (jeep); (b) Yellowknife airport, one crash

rescue truck (jeep); (c) Inuvik airport, one crash rescue truck (jeep); (d) Frobisher Bay airport,

Department of Transport: One crash rescue truck (jeep); one crash fire truck; one crash fire water; nurse truck.

United States air force: One crash rescue truck; three crash fire trucks; one crash fire water; nurse truck.

2. Standards for providing firefighting equipment on international and trunk airports operated by the Department of Transport are as follows:

Airports with 150 movements or more per month of aircraft operating at weights in excess of 200,000 lbs: 1 rescue truck; 2 crash trucks; 2 water trucks.

Airports with more than 50 but less than 150 movements per month of aircraft operating in excess of 200,000 lbs: 1 rescue truck; 2 crash trucks; 1 water truck.

Airports with 50 movements or more per month of aircraft operating at weights in excess of 120,000 lbs: 1 rescue truck; 1 crash truck; 1 water truck.

Airports with movements of 150 or more per month of aircraft operating at weights in excess of 60,000 lbs: 1 rescue truck; 1 crash truck.

3. Up until recent changes were made in the aircraft used by the air lines to serve Fort Smith, Yellowknife and Inuvik, the firefighting equipment was adequate to meet the minimum requirements. With the introduction of larger aircraft at these airports some increase in the firefighting equipment may be required. The Department of Transport is presently developing an extension to the existing standards which will establish the firefighting equipment to be authorized for feeder airports such as these. The equipment available at Frobisher Bay airport is adequate to meet the minimum requirements.

MUNICIPAL TAXATION OF MAPLE LEAF SERVICES, CAMP BORDEN

Question No. 439—**Mr. Madill:**

Has the Minister of National Defence noted the report concerning Maple Leaf Services v. Townships of Essa and Petawawa in "Ontario Reports", issue of May 24, 1963, and will the minister consider the application of municipal taxes on an equalized basis against Maple Leaf Services, the retail organization operating at Camp Borden?

Mr. Cardin: Yes, the effect of the judgment is that Maple Leaf Services is not liable to municipal taxation or business tax under the Ontario assessment act and there can be no application of municipal taxes on an equalized basis. As Camp Borden and Camp Petawawa are self contained defence establishments no grant in lieu of municipal taxes would be payable in respect to the buildings in question.

[Mr. Cantin.]

(Translation):

ELIGIBLE LIST, MONTREAL POST OFFICE

Question No. 443—**Mr. Valade:**

1. How many persons are on the eligible list for supernumerary jobs with the general post office in Montreal?

2. Does the Post Office Department intend to award jobs on the basis of chronological order of job applications?

Mr. Denis: 1. There is no eligible list.

2. N/A.

*NEW TRANS-CANADA HIGHWAY ROUTE, MONTREAL

Question No. 452—**Mr. Valade:**

1. Does the federal government intend to approve a new lay-out for the trans-Canada highway, as suggested by the Quebec minister of highways, in such a way as to allow the construction of a throughway along the shore of the St. Lawrence river on the island of Montreal?

2. If such a change is approved, will the province of Quebec be able to benefit from federal government participation in costs of construction of the trans-Canada highway?

3. When does the federal government intend to give a decision on this matter?

4. Does Metropolitan boulevard, in Montreal, form part of the official lay-out of the trans-Canada highway?

5. What sums have been paid to the province of Quebec for construction of this boulevard?

6. Will such sums have to be reimbursed to the federal treasury if a second lay-out is approved?

7. Has the Minister of Public Works or other members of the cabinet had meetings on this subject with (a) Quebec provincial authorities (b) the municipal authorities in Montreal and, if so, what are the results of these talks?

Mr. Badanai: 1. Unofficial discussions have been held in that connection with representatives of the province and the latter was asked to submit its plans for the new lay-out of the highway but the plans have not yet been received.

2. Yes.

3. See answer to No. 1.

4. Yes.

5. No payment has yet been made in that respect.

6. Yes, if payments are made in that connection under the present trans-Canada highway agreement.

7. (a) Yes. (b) Yes, but no special proposal was made to the federal government.

(Text):

INDIAN AFFAIRS—ASSISTANCE FROM FORESTRY DEPARTMENT

Question No. 455—**Mr. Fisher:**

1. What help or assistance in detail (personnel, type of personnel, days employed, type of project, results) did the Department of Forestry give the Indian affairs branch in the geographical areas of Ontario, Manitoba, and Quebec during 1963?

2. If no help or assistance was given in one or any of these geographical areas, were any requests for such received from the Indian affairs branch?

Mr. Nicholson: 1. Manitoba: No work has been done by the Department of Forestry on Indian reserves in Manitoba in 1963.

Ontario: A preliminary multiple use forest management plan for the Christian island Indian reserve No. 30 was prepared in 1963, based on a field survey made in 1961, and involved one forestry officer of the department spending the period June 10 to 14 on the reserve.

The Indian affairs branch requested air photography of nine Indian reserves in Ontario, with a total area of 199 square miles. Contracts for this photography have been placed by the interdepartmental committee on air surveys.

Quebec: No work has been done by the Department of Forestry on Indian reserves in Quebec in 1963. Air photography of Doncaster Indian reserve No. 17 and Weymontachi Indian reserve No. 23 was arranged by the interdepartmental committee on air surveys.

2. No requests have been received beyond those included in a plan for forest surveys on Indian reserves previously agreed upon. One forestry officer and one technician are engaged full time on office compilation and mapping of such surveys and in an advisory capacity.

WORLD FAIR DIRECTORS

Question No. 473—**Mr. Fisher:**

1. Has the world's fair a board of directors?
2. If so, what is the name, address, occupation and primary language of each director?
3. Are meetings of the board carried on in French or English or bilingually with a translator?
4. Is the fair considered to be primarily a Montreal or a national show and, if the latter, how is that part of Canada outside Montreal represented on the board?

Mr. Badanai: 1. Yes.

2.

Name and address	Occupation	Primary language
T. Nobert Beaupre, 1190 Melville street, Vancouver, B.C.	President, British Columbia Forest Products Limited.	English (Bilingual)
Paul Bienvenu, Suite 2401, The Royal Bank bldg., Place Ville Marie, Montreal 2, Que.	Commissioner General Canadian World Exhibition Corporation Montreal 1967.	French (Bilingual)
Cecil F. Carsley, M.B.E., Suite 2401, The Royal Bank bldg., Place Ville Marie, Montreal 2, Que.	Deputy Commissioner General Canadian World Exhibition Corporation Montreal 1967.	English (Bilingual)
Jean Drapeau, Q.C., City Hall, Montreal, Que .	Mayor of City of Montreal.	French (Bilingual)
Jean Lanctot, 2055 Favard street, Montreal, Que.	President, Rougier Inc.	French (Bilingual)
Herbert H. Lank, 1135 Beaver Hall Hill, Montreal, Que.	President, Du Pont of Canada Limited.	English (Bilingual)
Victor de B. Oland, 65 Hollis street, Halifax, N.S.	President, Oland & Son Limited.	English
Dr. Lucien Piche, P.O. Box 6128, Montreal 3, Que.	Vice Rector, University of Montreal.	French (Bilingual)
Claude Pratte, 105 Côte de la Montagne, Quebec City 2, Que.	Executive, Pratte & Côté Inc.	French (Bilingual)
Harry L. Price, 15 Toronto street, Toronto, Ont.	President, Harry Price Insurance Ltd.	English

Questions

2. Name and address	Occupation	Primary language
Maurice Riel, Q.C., Suite 311, 10 St. Jacques street west, Montreal, Que.	Lawyer, Riel, LeDain, Vermette & Marin.	French (Bilingual)
André Rousseau, Postal Box 188, St. Jean Port Joli, Que.	President, Rousseau Metal.	French (Bilingual)
Lucien Saulnier, City Hall, Montreal, Que.	President, Executive Committee, City of Montreal.	French (Bilingual)
Fridolin Simard, 3033 Jarry street east, ville St. Michel, Que.	President, Simard & Frères Cie Ltée.	French (Bilingual)

3. They are being held bilingually without a translator. All directors are supplied with bilingual copies of minutes, resolutions, etc.

4. The fair is definitely considered a national event. That part of Canada outside of Montreal is represented on the board by members from the provinces of British Columbia, Ontario, Nova Scotia and Quebec.

WORLD FAIR OFFICIALS

Question No. 474—**Mr. Fisher:**

1. Has the world's fair of 1967 any commissioners and planning and information heads and, if so, what are their names, occupations and primary language?

2. Including these posts and the positions of directors, how many and what provinces would seem to have representatives?

Mr. Badanai: 1. Yes. Regarding commissioners see answer to question No. 473.

Mr. Claude Robillard is the director general of planning. He joined the World Exhibition Corporation following a 20 year experience in the same functions with the city of Montreal. It was felt that the location of the fair rendered his contribution a necessity. Mr. Robillard's primary language is French, although he is perfectly bilingual.

Mr. Guy Beaudry is the director of promotion and information services, after being with an advertising agency and the Montreal *Star*. Mr. Beaudry's primary language is French, though he is perfectly bilingual.

2. Four provinces: British Columbia, Ontario, Nova Scotia and Quebec.

*NATIONAL HIGHWAY SAFETY AUTHORITY

Question No. 493—**Mr. Mather:**

Has the government given consideration to contacting the provinces with a view to the establishment of a national highway safety authority for the purpose of taking steps to reduce the rising death toll on our highways?

Mr. Haidasz: Yes, this matter was discussed by the dominion council of health on which the provinces are represented by their deputy ministers of health or their chief health officers. The department is actively working in association with national medical, public health, and other interested groups, with a view to establishing an organization to stimulate and assist research into the medical aspects of traffic accidents.

CHAPLAIN SERVICES, ARMED FORCES

Question No. 582—**Mr. Fisher:**

1. Did the Department of National Defence attempt or carry out any consolidation of the chaplain services in the Canadian armed services within the past five years and, if so, what was the general plan, and how much was it designed to save in terms of senior postings, over-all number of personnel and dollars?

2. What is the present situation of the chaplain services in the services in terms of unification or interpenetration of work?

Mr. Cardin: 1. Integration of the chaplain services at national defence headquarters and at commands was introduced in 1958. The object was to facilitate policy direction at headquarters and command level. No significant reduction in senior postings or reduced costs was anticipated. Two senior positions were eliminated.

2. Each service retains its chaplain service with interpenetration at headquarters level as above and at some locations the chaplain of one service attends to the spiritual needs of all three services.

GOVERNMENT TRAVEL BUREAU ADVERTISING

Question No. 589—**Mr. Thompson:**

1. What amount was spent by the Canadian government travel bureau on advertising during the fiscal years 1961-1962 and 1962-1963?

2. What agencies were being employed by the Canadian government travel bureau as of March 31, 1962, in placing advertising in Canadian and foreign newspapers, magazines, and other media, and how much was paid to each such agency during the financial year ending on that date?

3. Since March 31, 1962, have the services of any of the above agencies been terminated and, if so, on what date, and for what reason?

4. Since March 31, 1962, has the Canadian government travel bureau entered into contracts for the services of any other advertising agency or agencies and, if so, on what date, and for what reason?

5. What agencies were retained for placing advertising in Canadian and foreign newspapers, magazines and other media by the Canadian government travel bureau during the fiscal year 1962-63, and how much was paid to each agency during that period?

6. What plans, if any, does the government have to implement the recommendations of the Glassco commission in relation to the placing of advertising contracts by the Canadian government travel bureau?

Mr. Pepin: 1. The Canadian government travel bureau spent the following amounts on advertising: 1961-62, $1,673,893.02; 1962-63, $1,817,451.02.

2. The following is a summary of the agencies employed by the Canadian government travel bureau as of March 31, 1962, in placing advertising in Canadian and foreign newspapers, magazines and other media, and the amount paid to each during the financial year ending on that date:

Dalton K. Camp and Associates, Ltd., Toronto, Ont., $699,512.68; Burns Advertising Agency Ltd., Montreal, Que., $414,987.22; Stanfield, Johnson and Hill, Ltd., Montreal, Que., $344,255.80; F. H. Hayhurst Co. Ltd., Toronto, Ont., $215,137.32.

3. No.

4. No.

5. Dalton K. Camp and Associates, Ltd., Toronto, Ont., $961,582.87; Burns Advertising Agency Ltd., Montreal, Que., $518,377.13; Stanfield, Johnson and Hill, Ltd., Montreal, Que., $337,491.02.

6. Full consideration is being given to this and other recommendations made by the Glassco commission wherever deemed necessary. Action toward implementation of such recommendations will be announced.

REPORTS TO DOMINION STATISTICIAN BY CORPORATIONS AND UNIONS

Question No. 590—**Mr. Fisher:**

1. By June 1, 1963, had the dominion statistician found it necessary to use the authority granted him by 10-11 Elizabeth, chapter 26, sections 6 and 7, 11 and 12, and, if so, to what corporations and what trade unions has the dominion statistician sent registered letters?

2. If not, is the dominion statistician satisfied, as of June 1, 1963, that every corporation and every union which comes under this statute has made the required report?

Mr. Pepin: 1. The Corporations and Labour Unions Returns Act stipulates that every corporation and labour union to which the act applies shall file their first annual returns with the dominion statistician not later than six months after the act comes into force. As the act came into force on January 1, 1963, filing of the first returns under the act is not legally required before July 1, 1963. Consequently, sections 7 and 12 of the act (which authorize the minister to demand by registered letter that a delinquent corporation or labour union file a return as required by the act) had not been implemented as of June 17, 1963.

2. Not applicable.

RETURNS TO GOVERNMENT BY LABOUR UNIONS

Question No. 592—**Mr. Fisher:**

1. On June 1, 1963, how many statements required under 10-11 Elizabeth, chapter 26, section 13, were filed in the office of the Secretary of State and in the office of the Minister of Labour?

2. How much money has been collected by each of these offices as fees for the inspection of these documents?

3. Has the Department of Labour made an analysis of the returns in order to prepare any report which shows trends and scale of interrelationship between international unions and their Canadian locals; if so, is this analysis available to the public, and, if not, will such an analysis be made?

Mr. Dupuis: 1. None.

2. and 3. Not applicable.

BROADCASTING—REJECTION OF APPLICATION FOR FRENCH STATION, OTTAWA

Question No. 595—**Mr. Fisher:**

1. Did the Minister of Transport obtain advice other than from his own departmental officials when he rejected the application, recommended by the B.B.G., for the establishment of a French language broadcasting station in the Hull-Ottawa area and, if so, from whom, and in what form (i.e. letters, briefs, personal interview)?

2. Has the minister received any communication from the B.B.G. subsequent to his rejection of the recommendation and, if so, what is the gist of it?

3. Did the minister receive any communication from the C.B.C. either before or since the rejection and, if so, what is the gist of it?

Mr. Cantin: 1. The minister reached his decision on the basis of his own knowledge of the facts involved.

2. Yes. An acknowledgement.

3. No.

SEARCH AND RESCUE OPERATIONS IN NORTH

Question No. 599—**Mr. Rheaume:**

1. What was the extent of the R.C.A.F. search and rescue operations looking for overdue or missing aircraft in the N.W.T. and Yukon for each of the years 1960, 1961, and 1962 in terms of (a) hours flown (b) miles flown (c) dollars?

2. What was the cost of P.O.L. issued to or purchased for private operators who assisted the R.C.A.F. during the same periods?

3. How many such overdue or missing aircraft had SARAH emergency radio on board during the above periods?

4. How many such searches were successful in locating the overdue or missing aircraft?

Mr. Cardin: 1. (a) 1960, 534 hrs; 1961, 816 hrs; 1962, 2171 hrs.

(b) not recorded.

(c) aircraft operating costs 1960, $31,000; 1961, $56,000; 1962, $244,000.

2. P.O.L. supplied to private operators during search operations is integrated with R.C.A.F. usage during the same operation therefore records do not provide an answer to this question.

3. The answer to this question is unknown.

4. 36 out of 39.

SUGAR IMPORTS

Question No. 600—**Mr. Côté (Chicoutimi):**

1. Since January 1, 1963, what countries have supplied sugar to Canada?

2. For each month, what were the quantities obtained and the prices paid in each case?

3. Is sugar imported only in its unrefined state?

Mr. Pepin: 1. and 2. Imports, by countries, of sugar in January and February 1963 (latest figures available) were as follows:

Class	Country	January 1963 Cwt.	January 1963 Value	February 1963 Cwt.	February 1963 Value
Raw sugar for refining (class 262)	Mauritius & dependencies	169,164	$ 627,236	—	$ —
	Republic of South Africa	5,339	23,412	60,483	265,220
	India	—	—	76,090	232,706
	Australia	220,139	827,209	247,402	1,135,984
	Fiji	—	—	232,959	842,457
	British Guiana	205,882	889,172	221,358	1,344,162
	Jamaica	—	—	136,288	570,404
	Cuba	—	—	52,795	127,888
	Totals	600,524	$2,367,029	1,027,375	$4,518,821
Raw sugar n.o.p. (class 263)	India	—	—	429	1,278
	British Guiana	249	1,241	—	—
	Totals	249	$ 1,241	429	$ 1,278
Refined sugar (class 267)	United Kingdom	36	229	—	—
	Germany West	42	2,071	15	543
	Republic of South Africa	—	—	225	1,026
	United States	4,879	37,969	4,010	36,125
	Totals	4,957	$ 40,269	4,250	$ 37,694

3. No; sugar is not imported only in its unrefined state.

SPECIAL ASSISTANT TO PRIME MINISTER

Question No. 603—**Mr. Fisher:**

1. Has the Prime Minister taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the Prime Minister and/or what engagement in length of time was given to the assistant by the Prime Minister?

3. In brief, what particular qualities of this assistant led the Prime Minister to engage him?

Mr. Pearson: 1. Yes; executive assistant: Miss Mary Elizabeth Macdonald. Age: 45. Place of birth: North Cobalt, Ontario.

Educational institutions: Public school, Schumacher, Ont., St. Patrick's girls school, Ottawa, Ont., Notre Dame convent, Ottawa, Ont., University of Ottawa, St. Patrick's College, Ottawa, Ont., Postgraduate studies in school of social welfare.

Educational qualifications: Bachelor of arts, University of Ottawa, 1938 (magna cum laude); Master of arts—political science course, University of Ottawa, 1948.

Business experience; 5 years Metropolitan Life Insurance Company, Ottawa (investigation division and C.H.O. account)—1938-43. Editor, The Canadian *News Review*, 1941-43.

Overseas service: 1943-1945, Canadian Red Cross corps, headquarters, London, England 1943-44; attached to No. 12 Canadian general hospital stationed in France and Belgium, August 1944 to December 1945 as lt. welfare officer.

Government experience; February 4, 1946, joined external affairs as clerk grade IV, March 1947 posted to staff of under secretary of state for external affairs; September-November 1948 assistant secretary, Canadian

delegation to the United Nations, Paris, France; February, 1949, posted to staff of secretary of state for external affairs; January 1, 1954, appointed private secretary to the secretary of state for external affairs; March 3, 1958, appointed private secretary to the leader of the opposition; May 30, 1963, appointed executive assistant to the Prime Minister.

Salary: Initial 1946, $1,620; present 1963, $13,600.

2. While services required.

3. Ability and experience.

WHEAT AND FLOUR EXPORTS

Question No. 609—**Mrs. Konantz:**

1. In which post-war crop year did Canada export the largest quantity of wheat and flour (in wheat equivalent)?

2. How many bushels were exported in that crop year?

3. How many bushels of wheat and flour (in wheat equivalent) were exported to mainland China in each crop year between 1947-48 and 1961-62?

4. How many bushels of wheat and flour (in wheat equivalent) were exported to all destinations, except mainland China, in each crop year between 1947-48 and 1961-62?

5. What was the average quantity of wheat and flour (in wheat equivalent) exported to all destinations, except mainland China, in the five crop years 1952-53 to 1956-57, and in the five crop years 1957-58 to 1961-62?

6. What was the average quantity of wheat and flour (in wheat equivalent) exported under export credits insurance in the five crop years 1952-53 to 1956-57, and in the five crop years 1957-58 to 1961-62?

Mr. Pepin: 1. Canadian exports of wheat and wheat flour (in terms of wheat) reached a post-war peak (world war II) in the crop year 1952-53.

2. Exports of wheat and wheat flour in terms of wheat amounted to 385,526,541 bushels during the crop year 1952-53.

3 and 4. Exports of Wheat and Wheat Flour in Terms of Wheat—Crop Years 1947-48 to 1961-62:

Crop Year	Mainland China	All destinations except Mainland China
	Bushels	
1947-48	29,880	194,952,463
1948-49	872,838	231,456,497
1949-50	141,430	224,995,355
1950-51	59,054	240,901,792
1951-52	3,960	355,821,292
1952-53	—	385,526,541
1953-54	—	255,081,406
1954-55	—	251,909,132
1955-56	—	312,259,702
1956-57	—	264,395,826
1957-58	3,786,907	316,505,929
1958-59	463,867	294,081,653
1959-60	—	277,290,953
1960-61	38,972,726[1]	314,276,713[2]
1961-62	82,119,502[1]	275,902,320[2]

Questions

[1]Includes a total of 14.4 million bushels sold to mainland China but diverted by that country to Albania and East Germany during the crop years 1960-61 and 1961-62.

[2]Excludes a total of 14.4 million bushels sold to mainland China but diverted by that country to Albania and East Germany during the crop years 1960-61 and 1961-62.

5. The average quantity of wheat and flour in terms of wheat exported to all destinations except mainland China during the five year periods 1952-53—1956-57 and 1957-58—1961-62 were 293,834,521 and 295,611,514 bushels, respectively.

The average quantity per annum of wheat exported with the provision of export credits insurance was:—

Crop years: 1952-53 to 1956-57, 11.4 million bushels; 1957-58 to 1961-62, 8.7 million bushels.

All wheat was insured for government account under the authority of section 21 of the Export Credits Insurance Act.

Average selling price per annum of flour exported with the provision of export credits insurance was:—

Calendar years: 1953 to 1957 inclusive, $1.4 million; 1958 to 1962 inclusive, $10.4 million.

All flour was insured for account of the Export Credits Insurance Corporation. Quantities exported are not available as the policyholders are not required to report such information.

URBAN MILITARY HOUSING UNITS, SUMMERSIDE, P.E.I.

Question No. 610—**Mr. Macquarrie:**

1. Has the number of urban military housing units for Summerside, Prince Edward Island been reduced from 275 to 175?

2. Has an option been obtained for land in the area and, if so, from what companies or individuals was it obtained?

3. What is cost per acre?

4. Is this land in the town of Summerside?

5. Will a change in the site delay the project?

6. Will public proposals be called for this project?

7. How long has C.M.H.C. been working on project?

8. When will it be started and what is completion date?

Mr. Cardin: 1. Yes.

2. Yes, Hillcrest Housing Limited.

3. $1,000 per acre.

4. Yes.

5. No.

6. Yes.

7. Since April 1962.

8. This cannot be determined at the present time.

Questions

ALERT BAY, B.C.—SITE FOR FEDERAL BUILDING

Question No. 611—**Mr. Barnett:**

Has a contract been awarded for the removal of existing buildings from the property acquired as the site for a federal public building at Alert Bay, B.C., and, if not, when is it expected that such a contract will be awarded?

Mr. Badanai: No. By the terms of the purchase of the property from the school board, the crown agreed to move the existing buildings to other property held by the board. No definite commitment was made as to the time for removal of the buildings. However we are now taking action and a contract should be let shortly.

ASSISTANCE TO VETERINARY COLLEGES

Question No. 613—**Mr. Ormiston:**

Has the federal government given any financial assistance to Canadian veterinary colleges past and present and, if so, what amount, and under what authority?

Mr. Beer: The government of Canada in accordance with the provisions of the Agricultural Instruction Act, over the ten year period of the act, 1913-1923, granted to the two veterinary colleges of Canada $200,000.

The Agricultural Instruction Act provided for the granting of $20,000 per year for ten years to the veterinary colleges of Canada, the said $20,000 to be divided annually in proportion to the number of students enrolled.

There were two veterinary colleges in Canada during the period 1913-1923, the Ontario veterinary college at Toronto, which received approximately $145,000 and the school of comparative medicine and veterinary sciences, Montreal, which received approximately $55,000.

*DISTRIBUTION OF COPIES OF BUDGET SPEECH

Question No. 614—**Mr. Martineau:**

1. For distribution purposes, were any copies of the budget speech or summaries thereof, prepared in advance of delivery by the Minister of Finance to the House of Commons, by officials of the Department of Finance, of the Bank of Canada, or by other person, or persons working with or under the direction of the Minister of Finance?

2. Were any copies of the budget speech or summaries thereof mailed by the Minister of Finance, officials of the Department of Finance, of the Bank of Canada, or other person or persons working with, or under the direction of the Minister of Finance and, if so, (a) how many such copies or summaries have been mailed (b) to whom were they addressed (c) when were they mailed, giving the date and hour thereof?

Mr. Gordon: 1. Yes.

2. In accordance with long established practice copies of the budget speech in sealed parcels were sent out from Ottawa by air express, rail express or Department of External Affairs courier before the budget speech was delivered in the house.

(a) 466.

(b) and (c) Sealed parcels addressed to the agents of the Bank of Canada in Halifax and Saint John, N.B., were turned over to the C.N.R. express office at 10 p.m., June 12.

Sealed parcels addressed to the agents of the Bank of Canada in Montreal, Toronto, Vancouver, Calgary, Regina and Winnipeg were turned over to the C.N.R. express office at 10.30 p.m. June 12.

Sealed parcels addressed to the high commissioner for Canada, London, England, the consul general of Canada, New York city, the minister (economic) and the counsellor (finance) of the embassy of Canada, Washington, D.C., were turned over to the Department of External Affairs at 11 a.m. June 13, for delivery by hand of diplomatic courier.

A sealed parcel addressed to the agent, Bank of Canada, Montreal, was turned over to the C.N.R. express office at 12.30 p.m. June 13.

The agents were under instructions that when the sealed parcels were received they be retained unopened in safe custody until the release authorization was given from the head office of the bank in Canada.

When, during my presentation of the speech to the house, I reached a prearranged point in the text, an official of the Department of Finance, who was in the gallery, telephoned the head office of the bank and authorized release of the copies for distribution. The head office of the bank then passed the release authorization over its telex lines to each of the agencies. The agencies, on receipt of the authorization message, broke the seal on the parcel and commenced distribution.

In the case of the copies sent to London, the parcel did not arrive there until the morning after the speech was presented. The parcels for New York and Washington arrived at the consulate and the embassy in the late afternoon of the 13th—several hours before I was due to start the speech. To safeguard against any premature disclosure, the copies were in sealed parcels addressed personally to previously arranged responsible officials, to be delivered personally only to those officials, and each sealed parcel bore the caution that it was not to be opened before 9.15 p.m. eastern daylight time 13th June.

I have not as yet received the list of persons or firms to whom the 466 copies were released. However when this information is available I will table it in the house.

BRIEF FROM CANADIAN CONSTRUCTION ASSOCIATION

Question No. 616—**Mr. Fisher:**

1. Has the present government received any brief or briefs from the Canadian construction association and, if so (a) when (b) did the ministry note its contents (c) did any such brief or briefs contain references to the 2 per cent mortgage insurance fee on N.H.A. houses and, if so (d) what was the gist of the references?

2. Has any such reference been drawn to the attention of officials of C.M.H.C.?

3. If so, have they any new or previously announced policy regarding possible changes in this mortgage insurance fund arrangement?

Mr. Garland: 1. Yes (a) May 6, 1963 (b) yes (c) no (d) see answer to (c).

2. and 3. Answered by 1(c) above.

PROVISION OF FEED GRAIN, FRASER VALLEY, B.C.

Question No. 618—**Mr. Willoughby:**

1. Is the present subsidy sufficient to make it economic for large areas of British Columbia to import feed grain?

2. Has the government any other plans to assist ranchers in south central B.C. and the Fraser valley, with the importation of feed grain from southern Alberta and the Kootenay areas of British Columbia?

Mr. Beer: 1. In the crop year 1961-62, 164,272 tons of feed grain moved under the freight assistance policy to feeders in British Columbia. Movements during the early months of this calendar year were about the same as a year ago, which is an indication that the subsidy is sufficient to make such movements economic.

2. The broad question of feed grain is under review.

INSPECTION AND CONTROL OF SLAUGHTERING ESTABLISHMENTS

Question No. 621—**Mr. Laprise:**

Have any of the officials of the Department of National Health and Welfare met with representatives of the governments of Quebec and Ontario in connection with the inspection and control of animal and poultry slaughtering by small slaughtering establishments and, if so, what decisions were taken in this matter?

Mr. Haidasz: Officers of the food and drug directorate of the Department of National Health and Welfare have met with officers of the Ontario department of health. These meetings resulted in a joint inspection in 1962 of 164 slaughterhouses and a number of poultry processing plants in Ontario. The plants inspected in this joint survey were mainly small plants not under inspection by the health of animals division of the federal Department of Agriculture.

Provincial health officials in both Ontario and Quebec are periodically contacted by inspectors of the food and drug directorate of the Department of National Health and Welfare in connection with the examination by the latter of slaughterhouses and poultry processing plants.

POPULATION OF MENTAL INSTITUTIONS

Question No. 623—**Mr. Mather:**

1. How many persons were in Canadian mental institutions at the end of the calendar years 1942, 1952 and 1962?

2. What percentage or ratio of population did these numbers represent?

3. How many persons were admitted to Canadian mental institutions in the same years?

4. What percentage or ratio of the population did they represent?

Mr. Pepin: 1. Patients in Canadian mental institutions at the end of calendar year, including psychiatric units of general hospitals: 1942, 45,937; 1952, 57,621; 1961,(1) 66,546.

2. Ratio per 100,000 of the general population: 1942, 394; 1952, 399; 1961,(1) 365.

3. The number of persons is not known.

The total of first admissions and readmissions is: 1942, 10,692; 1952, 20,957; 1961,(1) 47,758.

Based on 1960 experience the number of persons is estimated as: 1942, 10,418; 1952, 20,249; 1961,(1) 45,594.

4. The ratio of persons is not known.

The ratio of first admissions and of readmissions is: per 100,000: 1942, 92; 1952, 145; 1961,(1) 262.

Based on 1960 experience the ratio of persons is estimated as: 1942, 90; 1952, 140; 1961,(1) 250.

(1) Latest available figure.

(Translation):

LISTS OF PUBLIC WORKS TENDERS FOR MEMBERS

Question No. 666—**Mr. Pigeon:**

Will the Minister of Public Works send to all members a list of tenderers and prices for all tenders called after the latter have been opened?

Mr. Badanai: No, but if the hon. member will write me and let me know what tenders he is particularly interested in, I will see to it that he gets the information.

*LIST OF DEFENCE PRODUCTION TENDERS TO MEMBERS

Question No. 667—**Mr. Pigeon:**

Will the Minister of Defence Production send to all members a list of tenderers and prices for all tenders called after the latter have been opened?

Mr. Drury: No. The department receives more than 325,000 tenders each year which amounts to more than 2 million prices, because the tenders involve an average of six items and, in many cases, there is more than one delivery point. It would not only be

impractical but also very expensive to provide all the required data and such substantial costs could not be justified.

The department provides, on request, details regarding contracts awarded and issues twice a month, in French and in English, a press release listing all the unclassified contracts over $10,000 which have been awarded.

(Text):

POST OFFICE CONSTRUCTION, INWOOD, MAN.

Question No. 669—**Mr. Stefanson:**

Is it the intention of the government to build a post office at Inwood, Manitoba, this year?

Mr. Denis: No.

NATO—RECOMMENDATIONS RESPECTING POLITICAL AND ECONOMIC CONTENT

Question No. 671—**Mr. Matheson:**

What steps have been taken and what recommendations have been advanced by the government of Canada since 1956 to give to NATO, apart from the military, a political and an economic content?

Mr. Stewart: Information about individual recommendations and activities of NATO member states in the NATO council is classified. In December 1956 NATO published the report of the committee of three on non-military co-operation which established guide lines to improve and extend political and economic consultation. The present Prime Minister of Canada was a member of the committee of three. As a result of this report, which still forms the basis for the non-military activities of the alliance, NATO established the political advisers committee, the committee of economic advisers, the science committee and a program of visiting NATO fellowships. Canada supported the establishment of these bodies and actively participates in their deliberations.

There have also been established the organization for economic development and co-operation and the development assistance committee whose membership consist not only of members of NATO but other countries as well. The functions of these bodies are complementary to the purposes outlined in article 2 of the NATO treaty.

Since 1956 there have been impressive strides within the alliance in the scope and content of consultation on non-military problems. At the recent NATO meeting in Ottawa the Canadian delegation expressed the determination of the Canadian government to play a full and constructive role in this aspect of the day to day work of the NATO council.

[Mr. Drury.]

DEFENCE EXPENDITURES

Question No. 672—**Mr. Matheson:**

Expressed as a percentage of Canada's gross national product, what was the federal expenditure for defence in each of the years 1950, 1960, and 1962?

Mr. Pepin: Federal expenditure for defence as a percentage of Canada's gross national product for years requested: 1950, 2.7 per cent; 1960, 4.3 per cent; 1962, 4.2 per cent.

EXTERNAL AID EXPENDITURES

Question No. 675—**Mr. Matheson:**

Expressed as a percentage of Canada's gross national product, what was the federal expenditure for external aid in each of the years 1950, 1960, and 1962?

Mr. Stewart: Defining external aid as the total official flow of financial resources to the less developed countries, and comparing expenditures in the fiscal years 1950-51, 1960-61 and 1962-63 with gross national product for the calendar year in which the bulk of the expenditures occurred, federal expenditures for external aid assumed the following percentages of gross national product: 1950, .07 per cent; 1960, .20 per cent; 1962, .18 per cent.

EFFECT OF EXCISE TAX ON MACHINERY AND MATERIALS

Question No. 679—**Mr. Lambert:**

What effect on the level of prices of commodities entering into Canada's export trade is expected as the result of the recent imposition of the eleven per cent excise tax on production machinery and processing materials which enter into the manufacture of such commodities and to what extent?

Mr. Benson: Information not available.

NUMBER OF UNEMPLOYED, YORK NORTH CONSTITUENCY

Question No. 682—**Mr. Addison:**

What is the total number of unemployed persons in the constituency of York North?

Mr. Byrne: This information is not available.

*REVENUE FROM TAKE-OVER TAX

Question No. 695—**Mr. Alkenbrack:**

Has any revenue been realized from the imposition of the 30 per cent take-over tax on stock purchases by non-residents and, if so, how much?

Mr. Garland: No. N/A.

COLLECTIONS UNDER SECTION 11 OF EXCISE TAX ACT

Question No. 707—**Mr. Thomas:**

1. Was any tax actually collected under section 11 of the Excise Tax Act before it was withdrawn?
2. If so, will such money be refunded?

Mr. Garland: 1. No.
2. N/A.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CONTRACTS TO DE HAVILLAND AND HAWKER SIDDELEY

Question No. 178—**Mr. Hales:**

1. Since January 1, 1963, what contracts have been let, and on what dates, to de Havilland Aircraft of Canada, Malton, and Hawker Siddeley Canada Ltd. (Orenda engines div.), Malton?
2. What were they for, and what was the amount of each contract?
3. When were tenders called?

Mr. Dupuis: Return tabled.

QUEBEC LAWYERS RETAINED BY JUSTICE DEPARTMENT AND C.M.H.C.

Question No. 209—**Mr. Pigeon:**

For each electoral district of the province of Quebec, what are the names and addresses of all the notaries or lawyers whose services are now retained by the Department of Justice and Central Mortgage and Housing Corporation?

Mr. Dupuis: Return tabled.

CIVILIAN EMPLOYEES, R.C.A.F. STATION, COMOX, B.C.

Question No. 584—**Mr. Barnett:**

1. What rates of pay are currently in effect for each classification of civilian employee at R.C.A.F. station Comox?
2. How many hours per day and days per week constitute the regular work schedule of each classification of employee?
3. How long has each of the present rates been in effect, and what was the rate in effect before the last change?
4. Are all rates for civilian employees at this station set on the basis of "prevailing rates", and, if not, which classifications or groups of employees have their rates set on this basis?
5. At whose request, and by whom, were the most recent "prevailing rate" surveys made for each classification?

Mr. Cardin: Return tabled.

FINANCE

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to direct a question to the Prime Minister, and ask him whether the government has yet come to a decision as to whether or not it would consent to the appointment of a committee of the house for the purpose of considering matters relating to the preparation of the budget, and to enable the calling of witnesses respecting the circumstances, to which I am not going to refer at the moment because they are known. Has a decision been made in this regard?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): The considerations in the mind of the government in setting up a committee of inquiry of this kind were well put forward on June 8, 1959, by the right hon. gentleman, the Leader of the Opposition, as recorded on page 4410 of *Hansard*. These are the conditions in the mind of this government in dealing with the question the right hon. gentleman has just raised. I quote:

> The circumstances under which a committee is set up are very clearly shown to be based upon a charge or charges made by a member of this house. All of us know what happens when charges are made. If charges are made, the house has the opportunity of determining whether they should be submitted to a committee. And if any hon. member makes a charge he, of course, has to substantiate that charge, and if he fails to substantiate the charge the parliamentary tradition, indeed all the experience of the past, indicates that such a member having made a charge unconfirmed and unsupported may be himself adjudged guilty of a breach of the privileges of the house.

Then the right hon. gentleman went on to say this:

> Sir Wilfrid Laurier, when prime minister in the House of Commons debates of 1907, at page 5664 of *Hansard*, with all his regard for the traditions of parliament and the necessity of their maintenance inviolate, made this statement that is most pertinent and applicable:
>
> "The house, I hope will not depart from the sound traditions which have come to us from England and according to which there could be no inquisition into any man's conduct or standing except on charges made specifically."

Mr. Diefenbaker: May I suggest to the Prime Minister that the circumstances are quite different—

Some hon. Members: Oh, oh.

Mr. Diefenbaker:—and in the United Kingdom, since he has seen fit to cite the United Kingdom and what I said under circumstances quite different from those today, committees are set up. I ask him this, he having refused to set up this committee. Prior to the 30 per cent tax on securities being set aside, withdrawn or suspended, were there discussions with Mr. Smallwood of Newfoundland to the effect that unless this tax were withdrawn the transaction between Canadian Javelin or involving Canadian Javelin would fall through?

Mr. Pearson: As the right hon. gentleman has indicated, the circumstances are now quite different from those which I mentioned, in that he is now sitting on the other side of the house. The right hon. gentleman by his statement has indicated that there is some wrongdoing. If he has evidence of the fact that there is wrongdoing, a committee will be set up.

As to the other part of the question, there was no discussion by me with Mr. Smallwood on this matter or any matter related to it, direct or indirect.

Mr. Diefenbaker: Mr. Speaker, does the right hon. gentleman not know that all across Canada there has been criticism—

Some hon. Members: Order.

Mr. Diefenbaker:—of the fact that they brought in three outsiders and, second, that the announcement was made in the house before the stock markets closed, thereby permitting transactions that otherwise would not have taken place? Does he not realize the necessity for an investigation?

Mr. Pearson: Mr. Speaker, I realize that if the right hon. gentleman has a charge to make he should have the courage to get up in the house and make it.

Some hon. Members: Arrogance.

Mr. Speaker: Order. In my humble opinion we have had sufficient discussion along this line.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister. When the Minister of Finance told the house last Wednesday and Thursday that he had neither informed nor consulted with anyone other than the Prime Minister and some members of the cabinet regarding his intention to withdraw paragraph 11 of the budget resolutions, was the Prime Minister himself aware of the fact that Messrs. O'Connell, Conway and Stanley had been given information regarding the minister's intention?

Mr. Pearson: Mr. Speaker, I do not think my hon. friend quoted accurately what the Minister of Finance said, but in any event the Minister of Finance will be dealing with that matter in the speech which he is in the process of making and which he will continue shortly.

Some hon. Members: Answer the question.

Mr. Douglas: Mr. Speaker, I did not ask about the Minister of Finance. I asked if the Prime Minister himself was aware that these three gentlemen had been informed.

Mr. Pearson: How could I have been aware of it, Mr. Speaker, when the three gentlemen were not informed when the cabinet was told about it?

Mr. Diefenbaker: Retreats.

Hon. J. W. Monteith (Perth): Mr. Speaker, may I direct a question to the Minister of Finance. In relation to the 30 per cent penalty on the sale to non-residents of shares of public companies listed on certain stock exchanges, and since withdrawn, the minister in presenting his budget said:

> Measures are under consideration, and may be discussed with the provinces—

[Mr. Pearson.]

Mr. Speaker: Order. Will the hon. member come to the point of his question?

Mr. Monteith: I am just explaining what the minister said in the budget, which is applicable to it.

Mr. Speaker: This type of question is much better asked during the debate on the budget or during the debate on the budget resolutions.

Mr. Monteith: I would ask the minister, does his action of last Wednesday reflect any change of thinking in his consideration of the sale of private companies, such as he indicated was under consideration in his budget speech?

Hon. Walter L. Gordon (Minister of Finance): All I am going to say is that I expect to deal with this subject in my speech, and I do not believe very much can be gained by trying to deal with it in a truncated way on orders of the day.

Mr. Douglas: Mr. Speaker, I rise on a question of privilege. In *Hansard* for last Friday, June 21, at page 1421, the second column, the question was asked by the hon. member for Winnipeg North Centre (Mr. Knowles):

> Mr. Speaker, will the Minister of Finance tell the house who outside of these people were so informed?

I underline the word "informed".

> Mr. Gordon: The deputy minister, the senior assistant deputy minister who was working on this particular tax, Mr. Stanley, Mr. Conway and Mr. O'Connell.

Therefore the statement made by the minister on Friday that these gentlemen had been informed, and the Prime Minister's statement now that they had not been informed, certainly do not agree.

Some hon. Members: Oh, no.

Mr. Pearson: Not at all, Mr. Speaker. The hon. gentleman is putting words in my mouth and misrepresenting what the minister said. I would inform the hon. gentleman that when the Prime Minister and the cabinet were consulted, no one had been informed.

Mr. Speaker: I am sure hon. members will forgive me if I refer once more to section 171 of Beauchesne's fourth edition, which it may be appropriate to quote at this time:

> In putting a question a member must confine himself to the narrowest limits.
>
> In making a question, observations which might lead to debate cannot be regarded as coming within the proper limits of a question.
>
> The purpose of a question is to obtain information and not to supply it to the house.
>
> A question oral or written must not—

And this is what I would like to stress, subsection (v), which I referred to on Thursday or Friday of last week—

A question oral or written must not:

(v) anticipate an order of the day or other matters.

Now, the order of the day is the budget debate, and following that I presume the budget resolutions. This seeking of information on the details certainly should be reserved to the general discussion on the budget or the budget resolutions, where details can be sought and received.

Mr. Douglas: On a point of order, Mr. Speaker, I am not anticipating the debate. I am not asking the question of the Minister of Finance. This is a simple question to the Prime Minister; and it is, when the minister said these gentlemen had not been informed did he himself know they had been?

Mr. Pearson: The answer to that question is no.

Mr. Diefenbaker: Why didn't you say so?

Mr. Pearson: When the cabinet were consulted on this matter, no one had been informed. The information to which my hon. friend refers was given just before the minister came into the house that day, and this was made perfectly clear more than once in the house.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, might I ask the Prime Minister how he knows that no one had been informed before the cabinet and the house?

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to ask a question of the Minister of National Revenue, which I think is of real urgency. In view of all the trouble that we members are getting into now, could the minister tell us what are the regulations or what information has been sent out to contractors and subcontractors who hold contracts, on the 11 per cent tax? We are going nuts trying to find the answer. Will the minister tell us what information is going out to the thousands of subcontractors as to what they should do?

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, I can do no better than to refer to my statement which has indicated that all our officers across Canada have been advised of this and they are ready, willing and waiting for inquiries.

Hon. Paul Martineau (Pontiac-Temiscamingue): May I ask a supplementary question. Is the department contemplating taking on additional personnel to handle these inquiries?

Mr. Garland: No, Mr. Speaker.

Mr. Speaker: Might I point out that every minister is entitled to notice of a question and of course questions of this type are more in accordance with our customs and not with our rules. Also, hon. members cannot insist on answers. The minister has made a statement today, and the proper time for details is at the time of the discussion of the resolution.

Mr. Winch: Mr. Speaker, you said the minister has made a statement. He has just now said his office is waiting for inquiries. Should not the information have gone out to the contractors rather than have his office waiting for inquiries?

Mr. Garland: I think if the hon. member will contain himself and read my statement he will see the answers to the questions he has just put are contained in the statement.

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, in view of the fact that there is no reference in the statement made by the Minister of National Revenue to the prefabricated home business, I now ask him with regard to the 11 per cent tax which will be applied to prefabricated homes; and in view of the fact that only part of the sale price—

Some hon. Members: Order.

Mr. Speaker: I must interrupt the hon. member. That question should be put on the order paper, and it refers exactly to what I was discussing 10 minutes ago. If the hon. member will refer once more to the section in Beauchesne he will see that a question must not anticipate an order of the day or other matters. The hon. member knows that as well as I do, and I wish he would conduct himself accordingly.

Mr. Diefenbaker: On the point of order, I suggest to Your Honour with great respect that that is not a proper ruling. This is a matter of deep importance to people everywhere across Canada. If people have to wait for the government to make a decision in this regard they will have to wait a long while, apparently. I think the question is very appropriate. Might I also add, Your Honour, that a moment ago you were making a statement as to the nature of questions. I should think the same rule applies also to answers, which should be answers to the question rather than statements.

Mr. Pearson: On that point, Your Honour, I suggest you will get strong support for the position you have taken from the rulings of the hon. member for Edmonton West when he was Speaker.

Mr. Smallwood: On a question of privilege. I was putting a short question on a subject which is of great importance across this

country. If hon. members opposite want to argue, very well, but I wish to put the question.

Mr. Speaker: I think the hon. member understands the position which has been taken by the Chair. I do not think any question of privilege arises.

Mr. Smallwood: I will shorten my question. In view of the fact that only a part of the sale price of a prefabricated home represents building materials, will the government look into this matter to ensure that purchasers of these homes are not paying the tax on labour, advertising, and so on.

Mr. Garland: I shall be glad to look into the matter.

Hon. Leon Balcer (Three Rivers): I should like to direct a question to the Minister of National Revenue. I wonder if he can tell the house whether the three tinkers imported by the Minister of Finance were consulted or informed before the hon. gentleman made his statement this afternoon on the 11 per cent sales tax on building material.

Mr. Garland: I am reluctant to answer a question of that kind. How does one accept a description of individuals as referred to by the hon. gentleman? Moreover, it is hardly the responsibility of the Minister of National Revenue to know what takes place in relation to officials in other departments of the government.

Mr. Balcer: Then may I direct my question to the Minister of Finance.

Mr. Speaker: With reference to the same point which arose a few moments ago, I am sure the hon. member will realize that if we could get on to the budget debate, during which I understand the Minister of Finance is to speak immediately, many of these questions would be answered. I therefore doubt the urgency of a good many of these inquiries.

Hon. Gordon Churchill (Winnipeg South Centre): On a point of order, Mr. Speaker, I do not see that it is possible in the course of a debate with the Speaker in the chair to have answers given by whoever has the floor, unless he yields from time to time when questions are put. It does not follow that the Minister of Finance will answer in the course of his speech questions such as are being put to him now. These are surely proper questions to be asked before the orders of the day.

Hon. J. W. Pickersgill (Secretary of State): On that so-called point of order which the hon. member for Winnipeg South Centre has just raised, I would draw Your Honour's attention to the fact that it is an immemorial rule in all British parliaments that ministers take responsibility for statements they make, and there is no right to question ministers about which officials participated in the preparation of those statements. That is a rule upon which the right hon. gentleman opposite and the former minister of finance relied on many occasions in a previous parliament.

Mr. Diefenbaker: Did we ever import interested parties?

Mr. Pickersgill: The right hon. gentleman asked me a question. I ask him this. Did they ever import experts?

Some hon. Members: Order. Address the Chair.

Mr. Speaker: Order. I am standing. Will hon. members please take their seats. This, I think, illustrates very well the amount of time which can be lost if we do not follow the rules of the house. It is now nearly ten minutes after four, and while the Chair wishes to be as receptive as possible, especially at this time—and I think hon. members will agree that last week the Chair leaned over backward to accommodate everyone—I must point out that the business of the house is extremely important, and that unless questions are of an urgent nature and have arisen within the last 48 hours they should not be put. Hon. members have the order paper at their disposal should they wish to put questions of a less urgent character. I suggest that hon. members should assist the Chair; that they help me to try to help them get on with the business of the house which, as I say, is extremely important.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, on a point of order. I am of the opinion that the house must abide by your rulings when a member rises on a question of privilege, whoever he may be, the Secretary of State or someone else; I do not think that he has the right to stir up a discussion or even less to try to give an answer to questions which do not come under his jurisdiction.

(Text):

Mr. Pickersgill: On a question of privilege, Your Honour heard the hon. member for Winnipeg South Centre. There was no interruption from this side of the house, but when I endeavoured to deal with what the hon. gentleman regarded as a point of order I was interrupted and howled down by hon. members opposite. I should like, on a question of privilege, to continue what I was about to say when I was interrupted. I was about to say that the right hon. gentleman knows full well that a large number of people paid

salaries by their employers were, with his knowledge and the knowledge of the former minister of finance, brought in at the time of the conversion loan. No questions were raised at that time by the opposition.

Mr. Nowlan: On the question of privilege, since the name of the minister of finance was mentioned—I do not know whether the hon. gentleman was referring to the immediate past or to the minister once removed —let me say that I had nothing to do with the conversion loan, but certainly having been close to that matter as minister of national revenue I can assure the hon. member that no outsiders were brought in.

Mr. Pickersgill: To clear that up, it was the minister twice removed.

Mr. Speaker: Order. I think hon. members should realize that this is a question period, not a time for debate.

Mr. George Muir (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of Finance, and I am sure it is one he will be touching on in his subsequent statement. Will the minister inform the house why he considered it necessary to inform his three outside advisers—

Some hon. Members: Order.

Mr. Muir (Lisgar): —that he intended to withdraw the 30 per cent tax—

Mr. Speaker: Order. That question has been raised and asked many times.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Prime Minister. At what time did the Prime Minister first become aware of the fact that the three outsiders—

Some hon. Members: Order.

Mr. Speaker: Order. I have just ruled a previous and similar question out of order.

Mr. MacInnis: With all respect, sir, this question has not been asked today.

Mr. Speaker: The question is very similar in its nature, and consequently if the first question was ruled out of order I think the hon. member's should be ruled out accordingly.

Mr. MacInnis: Mr. Speaker, on the point of order, this particular question has not come before the house. It is a direct question to the Prime Minister, and one I think he should be in a position to answer.

Mr. Speaker: I must apologize; I did not hear all the question. Perhaps the hon. member would put it again.

Mr. MacInnis: My question is, at what time did the Prime Minister first become aware of the fact that the three outsiders were informed of the withdrawal or suspension of the 30 per cent withholding tax?

Mr. Pearson: Mr. Speaker, I know that question has been ruled by you, and properly, as out of order. Again I regret hon. gentlemen opposite referring to the three special consultants sworn in as such in the minister's office as "outsiders" or "tinkers", or other expressions of that kind insulting to them. But leaving that aside, I heard about that matter at the cabinet meeting on the morning in question. In case there is any misunderstanding, I heard about the matter from the minister, about what he proposed to do, and he brought the matter up at the cabinet meeting that morning before the statement was made here in the house.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Finance. Does the minister's recent employment of the troika of advisers mean there will be a reduction in the number of civil servants on his staff and that there will be a reclassification of positions to allow for the future employment of advisers having positions senior to those already within the department?

Mr. Speaker: Order. That is a question for the order paper.

Mr. D. V. Pugh (Okanagan Boundary): I should like to direct a question to the Minister of Forestry, Mr. Speaker. Has the minister received any communications from British Columbia, from anyone connected with the lumbering industry or the sale of lumber products, stating that the 11 per cent tax on building products made effective by the budget is having a harmful effect on lumber production and sales?

Mr. Speaker: Order. This also is a question that is not in order at this time. May I once more call the attention of hon. members to the fact that it is now 4.23 or thereabouts, and an important debate is to follow the question period. May I suggest, therefore, that unless questions are extremely urgent or important we get on with the business before the house.

Mr. Pugh: With respect, Mr. Speaker, during the last 24 hours I have received numerous telegrams. I was in the riding on Saturday and received many telephone calls from people in the lumbering industry who stated that they were going to send telegrams, etc., to the Minister of Forestry. I am now asking whether he has received these communications

relating to the harmful effect of the 11 per cent tax on our lumbering industry. May I have an answer?

Hon. J. R. Nicholson (Minister of Forestry): Mr. Speaker, like other hon. members of the house and the cabinet, I have received a great many wires.

Some hon. Members: Hear, hear.

Mr. Nicholson: Coming more directly to the question of wires from British Columbia, I intend to go west later this week to discuss with the forest industry matters referred to in these telegrams.

Mr. Pugh: A supplementary question, Mr. Speaker. Has the minister drawn such communications to the attention of the cabinet?

Mr. Nicholson: As I have already stated, Mr. Speaker, several wires have been received by members of the cabinet, but if I were to give any further information at this time it would be a violation of my oath as a privy councillor.

Mr. Balcer: Mr. Speaker, I should like to ask the Minister of Finance whether he has received a telegram from the president of the granite producers association of Canada complaining of this 11 per cent sales tax on building materials, and contending that the whole industry will face bankruptcy if this tax is not withdrawn.

Mr. Speaker: Order. The hon. member knows that this question has been under discussion all afternoon. I do not think the question is proper at this time.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of National Revenue. Could he tell us whether the particulars contained in the very important statement he made today, dealing with the exemptions from the sales tax on building materials, were worked out after June 13?

Hon. J. R. Garland (Minister of National Revenue): Certainly, Mr. Speaker. They were worked out and prepared over the week end by myself and two senior officials of the Department of National Revenue. We worked on this last night in order to give the house, as we had promised we would on Friday, a statement on this matter this afternoon.

Mr. Baldwin: A supplementary question, Mr. Speaker. Does this mean that these particulars were not considered at the time the budget was presented?

Mr. Garland: Mr. Speaker, even the hon. member must know that is a question which should be directed to another minister.

[Mr. Pugh.]

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a very important question to address to the Minister of National Revenue. It arises out of an article appearing in today's Toronto *Telegram*. I want to ask the minister whether an announcement concerning the exemption of hospitals, old folks' homes and municipal institutions was actually circulated to the Liberal caucus last Wednesday, as is reported on the front page of today's Toronto *Telegram*?

Mr. Garland: Mr. Speaker, I am not in a position to answer as to what newspapers are publishing, but I can tell the hon. member that the direct answer to the question is no, and that the exemption referred to has been on the statute books since the 1930's.

EXTERNAL AFFAIRS

LAOS—REQUEST FOR STATEMENT ON SITUATION

On the orders of the day:

Mr. Heath Macquarrie (Queens): I have a question for the Secretary of State for External Affairs. Before I put my question, may I offer him belated birthday congratulations on having attained not only 60 days but 60 years.

Can the minister advise the house on the situation in Laos where there are reports of resumption of heavy fighting, along with a request by the Pathet Lao for the withdrawal of the international control commission from Attopeu?

Hon. Paul Martin (Secretary of State for External Affairs): I thank the hon. gentleman, first of all, for giving me notice of his intention to ask this question, and for his congratulations. I should tell him however that it is not permissible in this house to mention any hon. member's age, after the age of 30.

In answer to the hon. gentleman's question, may I say that the basic difficulty in Laos is that although a provisional government representing the three important political tendencies was established last summer when the international agreement on Laos was signed in Geneva, the administration and armed forces of Laos have not yet been integrated. The country therefore remains in effect divided into zones controlled by the forces of the right wing, the neutralist party and the Pathet Lao.

During the past few months there has been a marked deterioration, I regret to say, in the political and military situation in that particular country. The Pathet Lao with the help of some dissident neutralists, has forced the main neutralist army to give up several important points in the plain of Jars. Within

the past ten days there have been reports of fighting also in the region of Attopeu, in the southern part of the country.

The government has been following these developments with concern because of our membership with India and Poland on the international commission for supervision and control in Laos. The commission has been doing its best, in very difficult circumstances, to exercise a calming and stabilizing influence, and to report on the situation objectively to the governments signatory to the Geneva agreement. It has been our view that the commission should send or station its representatives in troubled areas. A commission team has in fact been stationed on the plain of Jars at the request of the prime minister of Laos, since April 29. The Polish delegation is unfortunately not represented on this team.

Last week the Indian and Canadian commissioners decided to send their military advisers to the Attopeu area to report to them on the situation there. The Polish commissioner did not send his military adviser. The Pathet Lao radio has commented adversely on the visit of the Canadian and Indian military advisers to Attopeu, and it is this comment which has probably given rise to the news reports referred to by the hon. member.

The commissioners are now deciding, in the light of their military advisers' reports, what they can usefully do to help restore peace to the Attopeu area. I can only say that Canada, as a member of that commission, is doing everything it can in that very disturbed area.

APPOINTMENT OF CANADIAN REPRESENTATIVE TO VATICAN

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is of a specific nature, but I think nevertheless of importance. It is addressed to the Secretary of State for External Affairs. In the light of the active leadership for world peace and for the easing of tensions between east and west given by the late Pope John XXIII and the recent election of a successor, has the government given consideration to Canada having a permanent representative at the Vatican?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, we will all agree, I am sure, that by example and speech Pope John XXIII made a constructive contribution to the cause of world peace, and all men of good will will look to Paul VI to continue in that role. As to the particular question, this is a matter of government policy which cannot properly be discussed on orders of the day.

ROYAL CANADIAN NAVY

REPORTED REFUSAL TO PERMIT RE-ENLISTMENT OF PETTY OFFICER

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I wish to direct a question to the Minister of Justice. Has the minister received a message to the effect that a Mr. Eric Petersen, a former petty officer in the Royal Canadian Navy, was refused permission to re-enlist because his father in law was alleged to be a communist in the thirties? If so, will the hon. gentleman inquire into this matter.

Hon. Lionel Chevrier (Minister of Justice): I have not received such a letter yet, though I did read in the press this morning that one was on its way. When I do receive it I will give it my best attention.

POWER

COLUMBIA RIVER—LETTERS WRITTEN BY EXTERNAL AFFAIRS UNDER SECRETARY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Secretary of State for External Affairs. I apologize for not having sent him notice, but the question arose at 2.22 p.m. This is a matter of national importance with some local application. Could the minister assure this house that he endorses and stands behind all the letters written during the past year by that late-blooming hydrologist with respect to the Columbia river treaty. The hydrologist I mentioned is the under secretary of state for external affairs.

Hon. Paul Martin (Secretary of State for External Affairs): I have listened with great interest to the question put by the hon. gentleman, and he may be sure that all letters of interest on this important subject are continuously under review by the Secretary of State for External Affairs.

TRADE

WHEAT—INQUIRY AS TO FURTHER SALES TO RED CHINA

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I wish to direct a question to the Minister of Trade and Commerce. Does the fact that the wheat quota in western Saskatchewan, or in that area which normally ships to the west coast, has been raised to 12 bushels, though the eastern part of Saskatchewan has been excluded,

together with the imminent departure of Mr. McNamara to Hong Kong mean that a deal for the sale of more wheat to red China similar to the one signed by the previous government is to be expected shortly?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I can confirm to the hon. member that Mr. McNamara is very assiduous in his duties in selling wheat, and is engaged on a mission which I am sure carries the endorsation of the hon. member. May I also say regarding the distribution of quotas that no one in the house from the province of Saskatchewan can assert this has anything to do with politics.

(Translation):

DOMINION-PROVINCIAL RELATIONS

REFERENCE OF PENSION PLAN TO INTER-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I have a question for the Prime Minister. Before starting the discussion on the resolution pertaining to the universal pension plan, does the Prime Minister intend to refer that measure to the interprovincial conference which will gather in Halifax next fall, so as not to intrude upon provincial jurisdiction and in conformity with the wish of the St. Jean Baptiste societies?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is a matter which is under consideration. I support provincial jurisdiction in all fields which are under provincial jurisdiction.

(Translation):

Mr. Pigeon: A further question, Mr. Speaker.

(Text):

Mr. Speaker: I am sorry; supplementary questions are by grace, not of right. I think the hon. member's first question did not have that sense of urgency which it should. It was important, but I think he received a complete answer.

(Translation):

Mr. Pigeon: Mr. Speaker, I should like to direct a question to the Prime Minister.

Has the Prime Minister also decided to refer the bill concerning loans to municipalities to the interprovincial conference that is to be held next fall in Halifax, in order to comply with a request made by the St. Jean Baptiste societies?

(Text):

Mr. Speaker: I think the hon. member realizes that that is exactly the same question he asked before.

[Mr. Korchinski.]

Mr. Pigeon: Mr. Speaker, a question of privilege.

(Translation):

I rise on a question of privilege, Mr. Speaker. This question is very timely. The provinces, and particularly the province of Quebec, are forever asking that those bills, which infringe on provincial autonomy, be submitted to the interprovincial conference at Halifax. This question is urgent and topical and I should ask the Prime Minister, the right hon. member for Algoma East, to answer me if possible.

(Text):

Mr. Pearson: Mr. Speaker, this is an interprovincial conference, quite outside the jurisdiction of the federal government, and if we took an initiative in this matter the hon. gentleman would be the first to complain that we were intervening in provincial affairs.

Some hon. Members: Hear, hear.

(Translation):

Mr. Pigeon: A supplementary question, Mr. Speaker—

(Text):

Mr. Speaker: No, I am sorry. The question has been raised twice and has been answered. I think the hon. gentleman should be satisfied with that.

(Translation):

Mr. Pigeon: Mr. Speaker, I rise on a point of order. I should just like to say that I have a supplementary question for the Prime Minister. If it is out of order, I will abide by your decision and resume my seat, but I would ask you to pass on the relevancy of the question if possible. Could the Prime Minister tell the house what reply he sent to Mr. Lesage's written request?

(Text):

Mr. Pearson: Mr. Speaker, this is of course an improper supplementary question, but I would tell the hon. gentleman that the letter has not been answered, so how could I give the answer to the house?

INCOME TAX

OIL AND GAS—DEDUCTION OF DRILLING AND EXPLORATION EXPENSES

On the orders of the day:

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is he prepared to answer my question of Tuesday, June 18, with regard to the six pipe line companies which asked for special assistance with write-offs of their income tax for exploration of oil and gas?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I know nothing about their having asked for it, but the names are:

Trans-Prairie Pipe Lines Ltd.; Pembina Pipe Lines Ltd.; Federated Pipe Lines Ltd.; Trans-Canada Pipe Lines Company Limited; Western Pacific Products Crude Oil Pipe Lines Ltd.; Westcoast Transmission Company Ltd. I shall have more to say about this in the course of my speech.

CANADIAN NATIONAL RAILWAYS

PROPOSED EXTENSION OF RUN-THROUGH PROGRAM

On the orders of the day:

Mr. C. O. Cooper (Rosetown-Biggar): Mr. Speaker, I should like to direct my question to the Minister of Transport regarding the May 30 meeting with delegates of the railway workers of the western division with respect to the run-through divisions of the C.N.R. Could the minister say when we may expect a report on this meeting, and what decisions were made?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the subject matter discussed at this meeting has been getting very close consideration, and I expect to be giving replies to the delegation within the next few days.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO POSITION OF FUND

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question for the Minister of Labour, notice of which I have given him. In view of the reported serious lay-offs in the construction industry at this time, can the minister undertake to give a report to the house in the near future on the present and prospective position of the unemployment insurance fund?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the answer to that question is that I shall attempt to give a report just as soon as the latest information is available to me.

VETERANS AFFAIRS

INCLUSION IN PERMISSIBLE INCOME OF INCREASED OLD AGE PAYMENT

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is for the Minister of Veterans Affairs. Could the minister say whether the $10 to be granted immediately under the Canadian pension plan to old age security recipients will count as income in calculating the maximum permissible income of war veterans allowance recipients?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, it was very difficult to hear the hon. gentleman because of the noise across the way.

Mr. Chatterton: Then may I repeat my question. Will the $10 to be granted immediately under the Canadian pension plan to old age security recipients count as income in calculating the maximum permissible income of war veterans allowance recipients?

Mr. Teillet: Of course that question is quite improper, and I could not possibly answer it. Government policy in this regard will be announced in due course.

Mr. Speaker: That is a question for the order paper.

ADMINISTRATION OF JUSTICE

REPORTED STATEMENT BY SOCIAL CREDIT MEMBER RESPECTING F.L.Q.

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I have a question which I think is of utmost importance, and I will put it as clearly as I possibly can in view of its importance. I would like to ask the Minister of Justice—or perhaps the Prime Minister himself—as the Minister of Justice is the man who is responsible for peace, law and order in Canada, whether any consideration whatever is being given to the extraordinary situation whereby a member of the House of Commons, namely the deputy leader of the Social Credit party, has given a press statement and a tape recording release to the effect that he sympathizes with and understands the F.L.Q. and their disorders and bombings in Canada?

Mr. H. A. Olson (Medicine Hat): I rise on a question of privilege, Mr. Speaker. I have that report before me, and the remarks attributed to the deputy leader of the Social Credit party by the hon. member for Vancouver East simply are not true.

Mr. Winch: Mr. Speaker, could I ask whether the tape recording will be produced by the hon. member; because I understand there was a tape recording; and may I ask if this is a matter which would come within the purview of the Minister of Justice?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I have not seen the statement that the hon. member alleges has been made. In any event, I am afraid if it were made, which the hon. gentleman who has just spoken denies, it would be a matter, under the administration of justice, for the province to determine or the local authorities, and certainly not for the Minister of Justice.

Mr. Olson: Mr. Speaker, I did not deny that some statements were made, but the remarks made by the hon. member for Vancouver

East, suggesting that the hon. member for Villeneuve (Mr. Caouette) said he sympathizes with the F.L.Q. or any other terrorist organization, are not true.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, June 21, consideration of the motion of Hon. Walter L. Gordon (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. Nowlan.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, when I began my remarks on Friday I was outlining what the budget proposals set out to do. I pointed out that major changes were required in the structure of Canadian industry if more jobs were to be provided in the future, and I suggested that our chronic payments deficits were the root cause of the difficulties that confront us. Wrapped up in this is the extent of absentee control of the Canadian economy. We must take steps to check this steadily mounting absentee control if we are to resolve our difficulties and remain masters of our destiny. It was for this reason I outlined the views of the government respecting the best way of preserving harmonious relations with foreign investors in Canadian industry. I believe this is the first time this has been done in any formal way.

The budget proposals include a variety of measures designed to plug loopholes in the tax system, and two major measures for producing additional revenue this year and to a greater extent next year. The latter include the requirement that corporations should file their tax returns and pay their taxes on the same dates as individuals do, and the withdrawal of the sales tax exemption on building materials and production machinery.

In the opinion of the government it would have been unwise not to take some preliminary steps to reduce the budgetary deficit. Various methods of doing this were considered but they boiled down essentially to three. These were, first, a substantial increase in the sales tax across the board. This would have meant an increase in the ordinary living costs of everyone in Canada regardless of income, and was resisted for this reason. The second method was an increase in personal income taxes. If this were to produce the desired amount of revenue it would have been necessary to apply the increase at all levels. Again, the government was reluctant to add to the burdens of those in the lower income brackets who have already had to bear the burden of considerably increased living costs. To have been effective in producing a substantial increase in revenue, an increase in personal income tax would have had to be accompanied by an equally substantial increase in corporation income taxes. This would have slowed production and reduced employment.

The third possibility was the removal of the exemption from sales tax on building materials and production machinery. Quite frankly, Mr. Speaker, no government could be happy about doing any of these things. All of them would be bound to be unpopular. None of them is pleasant. Nevertheless, given the premise that some kind of a start should be made to bring our affairs into balance and to reduce the deficit, it was decided that the withdrawal of the exemption was much the least objectionable of the three courses mentioned.

We all know that any tax increase adds to costs and has some ill effects on production. More income tax or a higher sales tax on the things that everybody buys would have had a far worse effect—a worse effect, especially, on employment. I hope that there will be a lot more discussion about the objectives of the budget and about the specific proposals put forward during the remainder of this debate. I shall have something more to say about this a little later.

However, as much more attention has been given so far to the assistance received in preparing the budget than to the budget itself I should first like to say something on this latter subject. When I was appointed Minister of Finance I believed it was my urgent duty to provide a national accounting as soon as possible. There was a vital need to develop new policies for the encouragement of employment, and that meant preparing in my department major legislation for the municipal development and loan board and the Canada development corporation. That was in addition to all the work which had been accumulating during the election.

Faced with tasks of this magnitude and urgency, the Department of Finance was seriously overburdened. There is a limit to what it is fair and possible to ask even of men of such devotion to duty and such ability as the officials of the department. I therefore decided that it would be desirable to bring in some temporary help to assist with the drafting of legislation and the preparation of the budget. My colleagues agreed with me and I secured the services of the four men whose names have been mentioned in the debate. As soon as they arrived in Ottawa I gave instructions that they should take or be

given the oath of secrecy and this was done. Everyone who worked on the budget swore an oath of secrecy.

An hon. Member: Did they keep it?

Mr. Gordon: An hon. gentleman across the way says, "Did they keep it?" and I answer, yes, they did.

Mr. Pearson: Another smear.

Mr. Gordon: From then on, Mr. Speaker, I considered everyone concerned, whether they were full time members of the civil service or consultants attached to the Department of Finance, to be in the same position as confidential officials.

Special mention has been made of the fact that Messrs. Stanley and O'Connell did not receive remuneration from the government for their services other than a per diem allowance to cover their expenses. It has been suggested that if they had been paid a salary this would have avoided a question of conflict of interest; to put it another way, that things would have "looked better" if this procedure had been followed.

In retrospect I obviously agree it would have looked better to arrange things in this way. But in practice, however, if it is accepted that the men in question were planning to return to their firms within a relatively short time, it is questionable whether the actual payment of salaries would have changed the situation in any real or material way.

There have been many discussions about the question of conflict of interest. In the last analysis these matters must be resolved by a man's conscience, integrity and his sense of personal honesty. Members of parliament and members of the civil service are in positions of trust and no one would suggest that any of them would use information for personal gain which came to them because of their positions. Surely the same criteria must apply to all others engaged in government service, either on a permanent or a temporary basis. I have complete confidence in the integrity of the many senior civil servants and of the special consultants who assisted me in the preparation of the budget. As I said on Friday, June 14, I take personal responsibility not only for the budget itself but I accept personal responsibility for the secrecy with which it was prepared.

Now, Mr. Speaker, I have no complaint about the questions that have been raised by hon. members on this matter, in so far as they have been directed to myself. I could have taken the safe, cautious and traditional course of producing a budget at some later date. I decided, and it was my decision, to take steps to speed up the proceedings so that Canadians might know where they stood, and might be informed about the policies the government proposed as quickly as possible. What I am particularly sorry about, however, is that my decision has caused a debate which has reflected on the integrity of able and patriotic men who were willing to come here and serve their country to the best of their ability. I can only hope that what has been said and insinuated about these three men in the past ten days will not discourage other able and honourable Canadians from serving this government and other governments in the future.

Let me now return to the budget itself, which is the subject of this debate. It is complex, and it is novel in many of the proposals it contains. I became convinced that one of them, the proposed 30 per cent tax on foreign takeovers of Canadian firms, while highly desirable in its objective, would not work in practice in the form in which it was presented. Having reached this conclusion, I recommended to the Prime Minister (Mr. Pearson) that it should be withdrawn immediately pending a further examination. I have now made that examination and have come to the conclusion that this tax is not practicable for this budget.

It was not easy last Wednesday to decide to withdraw the tax. However I thought, and the government thought, this was the proper thing to do and that the withdrawal should be announced to the house at the earliest possible moment. In my opinion, Mr. Speaker, and in the light of the stock market action at the time, it was best to have made the announcement when I did. I have been criticized for informing the three special consultants of my decision to withdraw the tax on takeovers before the announcement was made publicly. All I can say in reply to this is that, in view of their work on the budget and the fact they were sworn to secrecy, I believed it proper to inform them of the change I proposed to make, just as I thought it proper to inform the two senior permanent officials of the department concerned. If the consultants were to have been treated differently while they were attached to the department, then they never should have been taken on in the first place.

Now, Mr. Speaker, it has been suggested that the house was misled as to the circumstances surrounding the withdrawal of the takeover tax. I certainly had no intention of misleading anyone. If some hon. members feel that they were misled, I apologize to them. But nevertheless, having reread *Hansard* carefully, I am convinced in my own mind that my answers were at all times accurate and proper replies to the questions asked. On

Wednesday last, the right hon. Leader of the Opposition (Mr. Diefenbaker) inquired as to whether I had advised Mr. Kierans or anyone else as to withdrawal of the takeover tax. The suggestion, as I understood the question at the time, was anyone else connected with the stock market. In my reply I said I had given no information to Mr. Kierans or anybody else. I added that I had, of course, talked to the Prime Minister and members of the cabinet. I said in my answer, if I remember correctly, certain members of the cabinet, because all of them were not present at the time.

On Thursday, the hon. member for Three Rivers (Mr. Balcer) asked whether I had consulted, he used the word "consulted", my three outside advisers before withdrawing the tax. I replied to him that no one but the Prime Minister and members of the cabinet were consulted. This was absolutely true. Perhaps I should have added that I had informed the departmental officials, including the three consultants, of the decision. But I would remind hon. members that this was not the question asked. On Friday, the hon. member for Winnipeg North Centre (Mr. Knowles) asked whether anyone else besides the top officials of the Department of Finance had been informed of the decision. My answer was, yes, I had informed the deputy minister, the assistant deputy minister dealing with taxation, and Messrs. Stanley, Conway and O'Connell.

It has been suggested that this answer on Friday differed from the answer I had given to the Leader of the Opposition on Wednesday. The answers differ because the questions were not the same. The question asked me on Wednesday was whether I had advised Mr. Kierans of the Montreal stock exchange on the previous evening or advised anyone else that day. I took it for granted that the question referred to other stock exchange officials who had come to see me, and I think everybody knew they had come to see me. It did not occur to me that the Leader of the Opposition meant to include in his question members of my departmental staff, and frankly I do not believe the Leader of the Opposition intended at the time to do so. If he had so intended, he would have framed his question differently. And if he had framed it differently, I would have answered it as forthrightly as I answered the hon. member for Winnipeg North Centre (Mr. Knowles) on Friday.

Some hon. Members: Hear, hear.

Mr. Gordon: If there has been a misunderstanding in this matter, I can only apologize to the house, but I repeat there was no intention on my part to mislead anyone.

[Mr. Gordon.]

In the course of the debate a number of proposals have been made by hon. members respecting other items in the budget. For example, the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) questioned the desirability of giving the Minister of National Revenue discretion to deal with questions involving dividend stripping. I can assure him I shall give this careful consideration before the bill comes before the house.

I think it was the hon. member for Acadia (Mr. Horner) who raised a question about the desirability of making certain amendments with respect to pipe line companies retroactive to April 10, 1962. This was done to avoid some very complicated drafting, and because I was informed that the companies in question would not benefit from such retroactivity in any way. However, I shall look into the matter again and consider it before the bill is introduced.

I hope very much, Mr. Speaker, that other hon. members will bring forward their proposals for improvements. It seems to me that is what a budget debate is for, and I can assure the house that all such proposals will be considered very carefully. If they are practical proposals that will improve the legislation, appropriate changes will be made either when the budget resolutions or the bills are presented for approval.

Now, Mr. Speaker, there is one thing I should like to say in conclusion. In the past week some hon. members of the house—I hope not too many—and some people outside the house have made it plain that they would like to see me leave public life.

An hon. Member: No.

Mr. Gordon: I have made mistakes and I may make some more if I stay here. This is inevitable, I suppose, if one's objective is to get things done regardless of the difficulties to be overcome. All I can add is this: as long as I remain a member of the house I shall strive to do those things which I believe to be in the best interests of the great majority of the people of this country.

Mr. Lambert: Mr. Speaker, may I ask the Minister of Finance a question.

Mr. Byrne: If it is in order; you should know.

Mr. Lambert: Can the Minister of Finance agree that any discussions concerning the circumstances of the preparation of the budget, were discussed during the budget debate at the direct invitation of the Prime Minister and the house leader?

Mr. Gordon: I do not follow the question, Mr. Speaker.

Mr. Pearson: It is a stupid question.

Mr. Lambert: I will put it again. Would the Minister of Finance not agree that any references to the circumstances leading to the preparation of the budget, and related questions, discussed during the budget debate so far, were at the direct invitation of the Prime Minister and the house leader, as of last Monday?

Mr. Gordon: I do not know who started the kind of debate that has been going on, but I deplore the insinuations, innuendos and slanders in these speeches.

Hon. J. W. Monteith (Perth): Mr. Speaker, as this is my first formal address in this session of parliament I would like to congratulate you, the Deputy Speaker and the deputy chairman of committees on your election to the offices you hold. You all have great responsibilities and I wish you well in the discharge of your duties. It being practically five o'clock I wonder if I could continue my remarks at eight o'clock.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private members' business, as listed on today's order paper, namely notices of motions.

INCOME TAX

AMENDMENT EXEMPTING REVENUES FROM CONTRIBUTIONS TO PENSION FUND

Mr. Marcel Lessard (Lake St. John) moved:

That, in the opinion of this house, the government should study the advisability of amending the Income Tax Act so that all revenue deriving from a contribution to a recognized pension fund be exempt from income tax up to a maximum of $3,000 a year.

He said:

(Translation):

Mr. Speaker, this notice of motion I have introduced and which is being considered today follows many other resolutions designed to improve the financial situation of those who have reached retirement age. Most of those workers have contributed to pension funds by way of deduction from their salaries in order to get some security and an income when the time comes for them to retire, at 65 years of age.

The motion provides:

That all revenue deriving from a contribution to a recognized pension fund be exempt from income tax up to a maximum of $3,000 a year.

Mr. Speaker, when a worker has contributed all his life to the welfare of the country, he is entitled to our gratefulness. At present, those who are nearing retirement age dread the day when they will have to live even more sparingly than before.

Having worked throughout their life, without even having had the opportunity to visit their country, to the development of which they have contributed, they see themselves, at 65 years of age, cast aside, condemned to be ignored till their death by the other members of the community.

Statistics show that a large number of pensioners die during the first years following their retirement on account of the sudden change and of worries about their lower income, since in several cases, they still have heavy family responsibilities.

I know that when we are contributing to a pension fund, contributions are not taxable. But, as these amounts are invested in state funds and in private trust funds, I believe that they are highly profitable to the government through the years, since these funds are used to finance the government or companies whose profits are then taxed by the government.

Therefore, I feel the government should accept that recommendation and take it into consideration when implementing the portable pension program it has just put on the order paper.

I know there is much to be said on the subject, and we shall no doubt have the opportunity to do so later.

I do not wish to spend too much time on the matter, because I know how interesting it will be to hear what other members will have to say in that regard.

So I shall end my remarks here and yield to those who want to take part in this debate. I ask them to judge that motion on its merits so that they may give credit to those who helped build this country in which we live and develop this strong nation of which we are proud.

(Text):

Mr. E. J. Benson (Parliamentary Secretary to Minister of Finance): The question which the hon. member has raised is an interesting one. I must admit that when I first read his motion I did not fully understand its meaning. It reads:

That, in the opinion of this house, the government should study the advisability of amending the Income Tax Act so that all revenue deriving from a contribution to a recognized pension fund be exempt from income tax up to a maximum of $3,000 a year.

When I first read these words I thought the hon. member wished to have pension plan deductions increased from the $1,500 which is allowed at present to $3,000. It occurred to me, though, that perhaps he wanted the income received by a pension fund, from the investment of funds contributed by employers and

employees and put into investments in bonds and securities, to be exempt in the hands of the fund, which is already the case. After listening to the hon. member I understand that what he is really seeking is to have the exemptions of people over 65 years of age increased from the present limit of $1,000, or $2,500 in the case of a married couple, to $3,000 per person or perhaps to $3,000 in total if they have money coming to them from a pension fund. Which of these he desires is not clear in the resolution.

I think that under our present legislation a situation arises where people in the lower income group are treated differently from people with higher incomes who have reached the age of 65 and who have income from various sources whether from pension funds or otherwise. At present, a person who is relatively wealthy when he reaches the age of 65, and whose wife is also receiving income, may claim an exemption of $1,000, as may his wife, plus $500, plus medical and donations exemption of at least $100. This means the two persons, each of whom has an income in excess of $1,000, may be eligible for total exemptions in the amount of $3,200. On the other hand, in cases when a married man is in a lower income tax group—let us assume his wife does not receive income in excess of $1,000—may claim only a total exemption of $2,600, that is, the exemption of $1,000 for himself, $1,000 for his wife and $500 because he is beyond the age of 65, plus $100 basic exemption for medical and charitable payments.

I agree with the hon. member who introduced this motion that this situation is unfair to persons who are in a lower income tax bracket. However, I believe the motion is unnecessary. I know this matter has been raised with the Minister of Finance and I am sure it will be considered carefully in the future so that the anomaly now existing in the Income Tax Act may perhaps be corrected in the future.

At this time I should like to review some of the provisions of the Income Tax Act with respect to pensions—provisions which I think are fair and reasonable both to those who are contributing to pensions and to those who are receiving funds by way of pension. First of all, however, with regard to exemptions generally, let me repeat that I agree there is an argument in favour of increasing to $3,000 the total exemptions for a man and his wife, when they reach the age of 65. However, I do not think this should be confined to amounts received from a pension fund. I do not agree that pension receipts should be treated differently from funds derived from any other source when a man and his wife reach the age of 65. In connection with this conclusion, I should like to refer to the Income Tax Act and some of its provisions with regard to pension funds. Looking at section 11 (1) (i), we find that amounts contributed by the taxpayer to or under registered pension fund or plan are deductible from income in an amount not exceeding in the aggregate $1,500 in the year if retained by his employer from his remuneration in respect of services rendered in the year; or paid into or under the fund or plan by the taxpayer as part of his dues for the year as a member of a trade union. That is, the individual has the right to deduct from his income his actual contributions to the pension fund up to $1,500 a year. In addition, he may deduct an additional $1,500 in respect of payments making up for past contributions should he have entered the pension plan late in life. Similarly, under section 11 (1) (g) and section 11 (1) (h) of the Income Tax Act an employer has the right to deduct from his income contributions which he may make on behalf of an employee to a registered pension plan in order to build up a pension fund for the benefit of the employee when he retires. The amounts he may deduct in these circumstances are similar to those of the employee, that is, he may deduct an amount up to $1,500 in respect of each employee he has for present services and he may deduct an additional amount in respect of past services. In addition, under section 76 of the Act, an employer may make deductions with regard to a lump sum payment to build up the actuarial amount necessary to provide pensions for employees on retirement. Section 5 (1) (a) of the act excludes amounts which are contributed by an employer to build up a pension fund for an employee from income of the employee during a specific year. Thus under the present provisions of our Income Tax Act an employer and employee may together make current contributions of up to $3,000 to a registered pension fund all of which are deductible from the taxable income of the employer or employee. In addition amounts may be deducted in respect of past services.

When I first looked at this resolution put forward by the hon. member for Lake St. John (Mr. Lessard) I felt he was seeking to have this amount increased beyond the present $1,500 level for each during a year up to an amount of $3,000 each, and I took the trouble to look into what it would cost the treasury. Such an increase would cost in the area of six or seven million dollars annually. Throughout a man's lifetime and during the period he is employed he may make contributions to a pension fund, and deduct them

in addition to his ordinary personal exemptions, in determining the amount on which he pays tax. A person who pays into a pension fund is thus in the position where he has had an advantage over the individual working for himself who may not have been fortunate enough to contribute to a pension fund.

This was the situation up until 1957, when the idea of a registered retirement savings plan in Canada was put forward. Beginning with the 1957 taxation year individual taxpayers could obtain a limited deduction of premiums paid under registered retirement savings plans, also referred to as pensions for the self-employed, in computing their income tax each taxation year. However, as is presently the case with funds received from a pension fund, all amounts contributed by an individual to a registered retirement savings plan are taxable along with interest earned when received back by the individual. It really gives the individual the right, in effect, to somewhat average his income over his lifetime. He can by contributing to funds such as this, reduce his taxable income during years of high earnings, and then when he has reached retirement age at 65 or perhaps 60, or whenever he chooses to retire he may take these funds into his income and the amounts he receives will be taxed at lower rates at a time when he is in a much lower income tax bracket. The idea of a retirement savings plan was a fine one when introduced in 1957. It provided a chance for the individual not employed or not a member of a trade union, where people did have an opportunity to contribute towards pension funds, to set up his own pension plan and create a retirement allowance for himself when he reached 65 years of age.

The registered retirement savings fund follows the principle that an individual may contribute to a plan which is set up by him and cared for by a trustee. He may deduct an amount equivalent to 10 per cent of his income for the year, not exceeding $2,500. It would seem at first glance that he has been treated rather favourably as compared to the employee who is able only to deduct an amount up to $1,500, so provisions were put into the plan which was incorporated in the Income Tax Act whereby a person who is contributing to an ordinary pension plan would be allowed to make additional contributions to a registered retirement savings plan which he could set up on his own up to an amount of $1,000, so that he could make a total contribution of $2,500 into some sort of retirement plan, which contributions would be deductible for income tax purposes. Thus we are in a position where an individual working in a plant or for an employer who has a pension plan might actually have an amount up to $4,000 each year going into retirement plans set up on his behalf, which contributions either he or his employer could deduct from income in that particular year. These funds are allowed to accumulate at interest or be invested and earn dividends, which is the case with many retirement savings plans. Many plans such as this have been set up by trust companies, banks and insurance companies. Indeed, there is a great variety of plans. There are plans which allow an individual to invest in equity stock, so that in that way he will not suffer from the diminishing value of the dollar. His stocks will appreciate in value as the dollar feels the effect of inflation, which is all to his benefit.

On these grounds I think there is no serious argument that funds received out of a pension plant at age 65 or at an earlier age should be treated any differently from funds from any other source. As I said previously I think there is validity in the argument that a person at age 65 who is married and receiving funds, whether they be out of a pension or otherwise, should be allowed a total deduction of $3,000; that is, both he and his wife should be allowed the extra $500 deduction permitted at age 65. As I have discovered from the hon. member's interpretation of his motion, I do not think there is any argument that funds received out of a pension plan by people who have retired should be treated any differently from income received from any other source, in that the individual has been able to deduct the amount contributed to this pension fund in arriving at his taxable income over the years.

Many people in years gone by used to buy themselves a government of Canada annuity out of their own capital funds. There is a provision in the present Income Tax Act whereby the only amount taxable in the hands of such people is the amount of the income increment to the fund over the period of investment. If one invests one's own capital in an annuity and does not deduct it at the time it is invested, then it is not taxable when it comes back. The only amount taxable in the hands of the individual under the Income Tax Act when such amount is returned to them is the sum deducted during the years of employment from their taxable income, plus interest, earned by the fund.

There has been a great deal of discussion about the portability of pensions and the right of people to move their pensions from place to place. There is on the order paper at the present time a resolution proposed by the present government providing for the full portability of pensions, and also for a

universal pension plan available to everyone in Canada. I think the idea of this pension plan as proposed in the resolution which will ultimately be discussed in the form of a bill later on will warrant support by everyone in this house. I believe this pension fund will provide a basic pension for all. It will provide the working man with the right to move his pension from place to place and will, I think, give to the people of Canada a type of social security they have never enjoyed up to this time.

In conclusion, Mr. Speaker, I would simply like to say, with respect to the hon. member's motion, now that I understand it—I must admit that I had some difficulty when I first read it—I am sympathetic to his view, if his view is that a married couple of 65 years of age should be entitled to a total exemption of $3,000 regardless of the amount of their income; that is, that there should be no difference between the rich and the poor when they reach 65 years of age. However, I cannot accept, and I do not think many hon. members can after the explanation I have given as to how pension contributions are treated throughout a person's lifetime, that pension fund receipts after age 65, which have been deductible from a person's income during his period of high earnings, should be treated any differently than any other type of income which is received by a person after he has retired.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to ask a question of the parliamentary secretary. He was referring a few moments ago to resolution No. 15 on the order paper. I would ask the hon. member whether he thinks the government will submit this resolution to the provinces before we deal with it in the house, in view of this question being the responsibility of the provinces.

Mr. Benson: Mr. Speaker, I am very glad to deal with this question. With regard to the question of pension plans, I do not think this resolution throws open the whole question of pension plans for discussion in the house—

Mr. Deputy Speaker: Order. I am sorry to have to interrupt the hon. member but I must inform him that his time has expired.

Mr. M. W. Martin (Timmins): Mr. Speaker, with the usual brevity displayed by the members of my party I would like to express our support of this resolution, for a very good reason. I think this is one field regarding which the attention of governments both present and past has been very sadly lacking. I refer to just what is a proper amount of income to be exempted from income tax. It seems to me that the amount proposed in this resolution of $3,000 a year is a very reasonable minimum in this day and age. After all, what is income tax; on what basis should it be applied? I am one of those who thinks that income tax is a tax that should apply only on a surplus of income, and by surplus of income I mean something over and above the bare necessities of life. Certainly in the present day and age, with the cost of living rising to its present height, this whole field needs a great deal of reconsideration. I am one of those who, with many, many people in Canada, was quite disappointed with the present government. While they seemed, like governments in the past, to realize this necessity while sitting on the opposition benches, they promptly forgot it when they again moved over to the treasury benches.

It would seem to me that every argument that could be put forward in support of this resolution as it applies to pensioners would apply equally well, and possibly even more so, to wage earners. There are certain expenses that are even greater than those incurred during the years of retirement and receipt of pension. I am thinking of such expenses as acquiring a home and raising a family. These are expenses that are not normally encountered by people who are in receipt of a pension.

While I express support for the resolution and would like to congratulate the hon. member for raising the matter for discussion at this time and for reminding the government that certainly in this field they have been rather neglectful in not recognizing this situation and doing something about it, I would say that the minimum amount expressed in the resolution should apply all across the board and should not be confined to people who are in receipt of pensions. This is something, as I have said, that has been sadly neglected in the past. I think it is about time we took a realistic look at this question and brought the exemptions from income tax up to date so they will have a more realistic meaning in the present day and age.

Mr. Lloyd Francis (Carleton): Mr. Speaker, like the hon. member for Kingston (Mr. Benson), I had some difficulty in understanding this resolution. After the explanation of the mover of the motion, the hon. member for Lake St. John (Mr. Lessard), I think it is now clear what is intended. All of us must agree with the general intention of the resolution, to provide some relief in later years and try to make them as comfortable as possible. I think, however, as a member of this house that the motion in its present form would not be the most equitable means of achieving this purpose. The hon. member for Kingston outlined the history

of tax legislation concerning pensions in this country. He pointed out the general evolution of the principle of pensions. First, there were a number of persons who purchased pensions with money which they retained after taxes; then they had the privilege in later years of drawing payments from the pension plan and paying income tax only on the interest portion of the moneys invested. Then came exemptions built into the legislation to protect the person on payroll, first with respect to the contributions by the wage earner himself, then the contributions in respect of past service, and the contributions by the employer matching, in many cases, those of the employee. I think the hon. member for Kingston pointed out the total amount of exemption which could be claimed by those on payroll. Then there were provisions to deal with independently employed persons.

I disagree with the hon. member for Kingston in one respect. He said he saw no reason why income from a recognized pension fund should be treated any differently than income from other sources. I think there is a good reason why it should, and I would like, if I may, to develop two examples. We will first take employee A, who lives in Ottawa, of course—probably in the Carleton riding—who undertakes a program of systematic saving through his life and participates in a form of investment which is quite usual in this area, he buys a property, in which he lives, and has some income. It may be a duplex or a triplex, but it is a fairly modest property. He purchases that property out of income left after taxes. He enjoys no income tax exemption in respect of that type of purchase. Then in later years part of his retirement income consists of the rents from such property. He pays tax on the income before he makes the investment; then he pays income tax on the money he earns from that investment.

Contrast employee B, who is entirely on payroll. He gets an income tax exemption for his contributions to the pension plan, and the motion as presented to us would grant him an exemption on the money he derives from a pension plan, on which he had an exemption in the first place. This is a discrimination. It compounds the discrimination in respect of income from different sources. To be perfectly equitable you would have to say, in my opinion, that the exemption would be given to income from a source other than a recognized retirement savings plan or pension plan for which an income tax exemption has been given in the first place. Only on this basis would the two be treated equally.

But I think we would all agree that there is a limit to how far we can go in this kind of approach. The proper approach to deal with the matter is to deal with it in terms of the exemptions which are enjoyed by older persons at the time of retirement when they need the benefit most. The hon. member for Kingston (Mr. Benson) referred to the basic exemption of $1,000, the additional age exemption of $500 and the medical-charitable exemption of $100, or a total of $1,600 per person or $3,200 per couple, now enjoyed by persons regardless of the source of their income.

I submit that this is the proper approach to deal with this problem. It is a problem of exemptions under the general income tax laws, treating income from various sources equally and not discriminating in favour of income from a registered pension plan or retirement savings plan as against income from another form of life savings.

I think there is another reason why we should think twice about acting on the motion in its present form at this time. We have already had the attention of the house called, of course, to the resolution respecting the Canada pension plan found in order No. 15 on today's order paper. This was referred to by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon). I think I have got the three names of his constituency correctly. This resolution refers to the Canada pension plan which it is the intention of the government to establish and for which purpose legislation will be brought before the house as soon as the resolution is adopted. Certainly we will have to look at the provisions of this legislation bearing in mind the problem which the mover of the resolution now before us has brought to our attention.

At this point I should like to digress a little and call attention to the resolution found in order No. 13 which has to do with the establishment of the Canada development corporation and which reads in part as follows:

> —and generally to further the development of the resources and industries of Canada; and for such purposes to establish an investment company, to be called the Canada development corporation, with a share capital structure whereby the largest possible numbers of Canadians may directly and indirectly invest capital in and profit from the ownership of Canadian industries and undertakings and the development of Canada; to authorize a guarantee by Canada of certain obligations of the corporation—

And so on. I would hope that as a result of this proposal, which I am confident will be adopted by the house, it will be possible to recognize contributions made to the Canada development corporation for pension purposes, and I have no doubt in my mind that one of the purposes which the mover

of the resolution now before us has in mind might well be achieved if the government were to give consideration to the recognition of contributions to the Canada development corporation, which in my opinion represents a very convenient and desirable form of channelling the savings of Canadians.

We need savings. Canada never had a greater need for capital to further her growth than at the present time. We need measures that are designed to encourage savings in an orderly form and to channel them into the direction of Canadian resources which will be retained under Canadian ownership and whereby the equity represented in such resources will be available to finance the retirement of older citizens. I would think that such would be a highly desirable, if secondary, purpose of such legislation and I hope that when it is brought before the house there will be an opportunity for further examination.

In brief, Mr. Speaker, I believe that the resolution now before us discriminates in favour of one type of income and against another type of income, that it does not recognize the problem represented by the fact that savings are desirable from a public point of view and take many different forms and that we should not just recognize one of them. I believe that the general purpose of the resolution is laudable and all of us can support it without qualification, but such a purpose can be best achieved through an amendment to the Income Tax Act in respect of the basic exemptions enjoyed by persons who are retired.

Finally, I think that the resolution should be considered in relation to at least two proposed pieces of legislation which will come before the house whereby it is possible to consider all of the ramifications and to make the necessary adjustments at that time if such are called for.

Mr. J. J. Greene (Renfrew South): Mr. Speaker, like other members of this side of the house I had some difficulty originally in deciphering the intent of the hon. member's notice of motion. At first I was under the misapprehension that my hon. friend was concerned with the deduction of $3,000 per year. At present, as the house knows, professional men and others in specified categories can deduct up to 10 per cent of their income to a maximum of $2,500 per year but beyond that they cannot make deductions. I was afraid that my hon. friend, who is a member of the Social Credit party, was concerned with persons making more than $25,000 per year and I was rather shocked to think that this might be his concern, inasmuch as I know that his party purports to speak for and represent average citizens and ordinary people. It is well known by the people of Canada, as they have shown at the polls on many occasions, that those on this side of the house are the champions of the ordinary people of this country with average incomes. Therefore I was quite concerned when I thought that the Social Credit party was now representing people who make $25,000 or over a year.

However, in listening to the hon. member I was glad to see that this was not his main concern, but rather the return of the payments and not the deduction of premiums. From the standpoint of deductions from income of persons over the age of 65 years I think that none of us would disagree with the fact that a $3,000 exemption is certainly little enough for someone who has lived in this country all his life, contributed to the country and paid his taxes. Certainly a married couple should be entitled to a $3,000 exemption.

As the first speaker on this side of the house pointed out, I think this is now the case in respect of a married couple over 65 years in that each of them can claim $1,500. The motion limits the deduction to recognized pension funds. I take it that the hon. member means registered pension funds, which is the term used in the Income Tax Act. I would deduce from his presentation of the motion that he does not wish the deduction to apply in respect of all pension plans but merely those recognized under the Income Tax Act and referred to as registered plans.

In my view there is inherent in the motion a very broad concept that is no doubt giving trouble to all of us and particularly to members of the cabinet who are concerned with the over-all financial and fiscal picture of the country at this time. There was a day not too long ago, Mr. Speaker, in the days of the laissez-faire free enterprise economy which are not too far behind us, when it was thought that a citizen should provide in large measure for his own future and well-being and that of his dependants. At one time this was possible for people who were industrious, thrifty, farsighted and able to find work.

We have, certainly since the war, come into a new concept of the responsibility of the citizen. We have, to a very large measure, made it impossible for the average citizen to look after his own future and that of his dependants in his old age. I suggest, whether we like it or no, whether we are free enterprisers or whether we are Galbraithian Liberals on this side of the house, every state has to decide where the funds are coming from, how they will be collected, and how the total wealth of the country shall be spent.

A state must also take some responsibility, if she is going to be the great collector of revenues, for the well being of her citizens in those years when they are no longer the producers in the country.

I am quoting off the cuff now, but I believe I have seen statistics to indicate that if we take corporate taxes, federal income taxes, provincial income taxes, indirect taxes and municipal taxes, for governments big and small and state with a small "s" and a big "s", there is some 55 per cent of the total production of this country in each year appropriated for the purposes of the state. Now, the minute we realize that this is what is happening, then of course, we must realize that there are two problems presented. Perhaps my figures are a little high because they include corporate taxes. However, if as I say, 50 per cent of the total production is taken for taxes, then we reach two problems.

In the first place, how is the average citizen going to provide for such necessities as his old age and the education of his children? These things are impossible for him to provide as long as the state is going to take such a great percentage of the total production as she definitely has, and as we demand. We who sit in this house know how very great are the demands of citizens for services from the state. We get nothing for nothing in this world. If the state is going to provide these services, then it is going to require these funds. It is going to have to assume responsibility for the well being of our citizens in their old age to a far greater degree than has been the case in the past.

I point out, Mr. Speaker, that there is one other problem created by this large proportion of our total national production being taken by the state. Not only are our citizens unable to provide for their own old age, but they have too little to put back into economic development of this country. This is the tragedy that we are facing now as was seen by the recent ill-destined 30 per cent takeover tax. I think all of us in this country are concerned, irrespective of the side of the house on which we may sit, irrespective of the method whereby we on this side of the house tried to prevent this taking over of our industry by foreign capital. We would like the Canadian economy, and in particular the control of our natural resources to be in the hands of the Canadian people rather than in the hands of foreign investors.

I believe that our friends south of the border have done a far better job than we have of creating people's capitalism. South of the border we see a far greater proportion of equity financing of large corporations owned by the average citizen, the working man and woman. Members of labour unions down there buy shares so that the base of the corporate ownership of their resources is far broader than it is here in Canada where the average working man and woman has not been able to purchase an equity in our Canadian economy because of our tax structure.

Mr. Pigeon: Mr. Speaker, I raise a point of order. I think we are not discussing the budget now, but a motion; and I think the hon. member is not on the track.

Mr. Greene: With respect, Mr. Speaker, my contention is to this effect: We have here a resolution which, if anything is done as a result of it, infers a greater proportion of our national savings being funnelled into the pension plan method of saving. We know, Mr. Speaker, that the pension plan method of saving does not result in investment in risk ventures. These savings do not go into the development of natural resources in our country or new industries. By definition, they cannot go into these avenues. The funds that go into the pension plans go into the trust type of saving method, possibly mortgages or office buildings, but nothing riskier than that.

I suggest, Mr. Speaker, this is one of the great needs of our economy. We are faced with high corporate taxation and high taxation on property. Yes, we need to look after our old people, but we must also remember that we need to encourage far greater numbers of our people to invest in the equities in this country, to invest in new businesses, to invest in our natural resources so that our natural resources will not be controlled outside of this country. The more we put into pension plans, the less there will be in the total savings of this country to put into the risk area, the new development area, which we need to do so urgently.

For all these reasons I submit, with respect, Mr. Speaker, that my argument on this point is pertinent. There should be an over-all plan whereby a person who has been a citizen of this country, played his part in peace and war, brought up his family and contributed to the future of this country, paid taxes in this country for all his working life, will be looked after in dignity. Certainly, he should be looked after in such a fashion that he will not be in want during his senior years.

Along with that, I think we must consider the over-all picture. It is very easy for us to sit here in the back rows on both sides of this house and criticize government measures. It is because the entire picture must be considered that the preparation of a budget is most difficult. In considering this particular motion, Mr. Speaker, I must say that in my opinion the principle enunciated is a good one, mainly, that our older citizens should be

allowed $3000 a year without the state sticking its ever-grasping hand in their pockets. This is the very least that they should be allowed. However, I suggest that this should not be limited to pension plan type of savings which, by their definition, precludes their investment in the development of new industry or national resources where the need for risk capital is so urgent.

I think one of the greatest challenges in this country today, if we are going to live by the free enterprise system in which most of us believe, but which today has become a sort of laissez-faire free enterprise with small "s" socialism—welfarism if you like—is that our people's needs must be met to as great a degree as possible without complete over-all state planning, leaving a maximum of freedom to the individual so that he can provide for himself.

If we are going to have this type of free enterprise, and if free enterprise is to survive some of the great challenges facing it, we must strive for a more broadly based free enterprise system than we have now. We must do to a far greater degree what they have done with some success in the United States. We must encourage the average citizen to become a part owner of our industrial, corporate and natural resources, in order that the free enterprise system will mean something to him, and not remain the exclusive domain of those few who now own shares and those few who are so often quarrelled with by hon. members across the aisle. Our future should be held corporately by as many people as possible across the land, and I do not think this resolution tends towards that end, although its motive and intent are good.

I suggest that this resolution should be considered along with the other resolution brought forth by the government, and in the over-all if we consider the Canadian pensions act I think it will give a better way of life to our senior citizens, and will assure that those who have contributed so much to this country will in their declining years have some security and sufficient income to live in dignity. At the same time it will take into account the over-all needs of the country, and in particular the need for a greater proportion of the total savings of our people to go into equities, new industries and our natural resources, so that all our savings will not be held by trust companies and banks, but that more of our savings will go into the development of Canada.

If that is done, then tomorrow we will not see the situation that exists today where so many of our resources are held by people who do not owe any allegiance to Canada, and our natural resources will be controlled by Canadians through Canadian savings.

[Mr. Greene.]

(Translation):

Mr. G. C. Lachance (Lafontaine): Mr. Speaker, I take the liberty to congratulate you on the skill and competence you have shown since you have been called to preside over the debates of the house; it is the first time I am given the opportunity to do so officially since the opening of the present parliament. I am happy to notice that you fill your post with dignity, and the same is true of others who have occupied the chair.

I am of the opinion that the hon. member for Lake St. John (Mr. Lessard) will not mind if I take advantage of this day, the 24th of June, to extend my best wishes to my fellow French Canadians. At the same time, as the member for Lafontaine since June 18, 1962, I wish to remind you that my constituency owes its name to Sir Louis Hyppolite Lafontaine, who took an active part in the founding of the St. Jean Baptiste Society, on June 24, 1834.

Mr. Speaker, I revert to the object of this resolution. I do not want to roam far afield more than is necessary, even though the hon. member for Joliette-L'Assomption-Montcalm did so himself a few moments, because the question he asked them had nothing to do with the discussion on the measure now before us. However, I think the resolution introduced by the hon. member for Lake St. John offers a great interest, all the more so since it fits very well into the present budget debate and, also, into any discussions on tax matters.

During the budget debate, it would certainly be interesting to discuss the matter and more particularly the adequacy of taxation in Canada and especially between the province of Quebec and the central government.

What impresses me most in the resolution is the fact that it discriminates against a great segment of the population, against those who are still working while others are ready to take their pension, against self-employed workers who did not have the opportunity to contribute to a pension plan, against those who were not forced—"forced" is perhaps a little too strong—to contribute to a pension plan. It also discriminates against those who made personal investments, against those who, rightly or wrongly, invested in the private corporations, who in many cases largely contributed to the financial development of Canada. It discriminates also against those who have no pension at all, who did not have the opportunity to work for companies or governments, whether it be federal, provincial or municipal having a pension plan of their own.

It is on that aspect of the question that, in my opinion, this resolution does not meet the requirements and thus cannot get the approval of the members of the house. Besides this matter has been remarkably well discussed by the parliamentary secretary to the Minister of Finance (Mr. Benson) in a clear and detailed speech on what is involved in the resolution moved by the hon. member for Lake St. John (Mr. Lessard).

Mr. Pigeon: Mr. Speaker, it is six o'clock. Do not let him kill this notice of motion.

(Text):

Mr. Deputy Speaker: Order. It being six o'clock I do now leave the chair.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Walter L. Gordon (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. Nowlan.

Mr. Monteith: This afternoon I had the opportunity to pass on to you and to your colleagues, Mr. Speaker, my good wishes and congratulations on your election to office. I now come to my remarks concerning the budget.

In his opening words on budget night, the Minister of Finance (Mr. Gordon) indicated that his horoscope for the day was: don't worry over money matters. He suggested it was probably not appropriate for the occasion, but I fear this budget was drafted with just that in mind. If he did not worry sufficiently, I can assure him the rest of Canada has been worrying plenty ever since its presentation. Never has there been such an outcry against a budget. The minister called it a face the facts budget. I call it a hit and miss budget. He spent a great deal of time hitting at the previous government and all the time he missed the true significance of what a budget means or should do. In the ten years in which I have sat in this house I have never missed a budget speech. I have never heard in all that time a more political one, or one which was more ill conceived than the budget delivered by the hon. gentleman the other night.

Last Friday the minister tried to cover up much of his ineptness. He has taken a different approach; he is all sweetness and light. He would like us to consider the terms of the budget in all seriousness. I intend to do this in the short time available to me. I suggest, however, that if he had shown just a little humility on budget night he would have found himself in a much happier position today. The minister said this afternoon —and I think I am quoting him correctly— that he deplored innuendo. He should have thought of that on the night of June 13, because his own budget speech was full of innuendo. The hon. gentleman's present approach is all too late. The explanations he gave this afternoon were weak and uncertain. It is true he received plenty of applause from hon. members on the benches surrounding him. But what else could they do? That is not their feeling when they are not here in the house under the gun, so to speak. Despite all this, it was obviously his swan song.

I said I would have something to say concerning the budget provisions. I now come to these. The Minister of Finance did admit in his budget address that in 1962 the gross national product increased by some 8 per cent. He estimated that in this coming year the increase would be about 5 per cent. Well, he is apparently looking toward a decline in the economy with the present government in power. I would point out that the final report of the royal commission on Canada's economic prospects in November, 1957, estimated that the gross national product would not reach $40 billion until the year 1965. I point out that with a Conservative government in power this figure was reached in 1962.

Mr. Gordon: Would the hon. gentleman permit a question? In what kind of dollars was that estimate made?

Mr. Monteith: I simply took the figure out of the report of the royal commission. No doubt the minister was basing his estimates at that time upon what a Liberal government could have expected to obtain. He has reverted to a smaller estimated growth as being a reflection of Liberal endeavour. In the light of the 1962 increase of 8 per cent in the gross national product and the minister's own projection of a gain this year of only 5 per cent, one does not have to be a mathematician to project this sort of progression to a state of complete economic standstill and stagnation.

As pointed out by Mr. John Meyer in the Montreal *Gazette* of Thursday, June 20, there is at least one notable omission from the budget. There has been much talk of freer

trade by this government. There has been no suggestion whatever of what is going to happen to companies which have only been operating in Canada because of some tariff protection. What is going to happen to these companies, and are they going to be helped through any transition period? I can name dozens of companies in my own constituency which are understandably concerned about this situation.

Mr. Martin (Essex East): And who have been for the last six years.

Mr. Monteith: I would tell the Secretary of State for External Affairs that the companies in my constituency have never been more prosperous than under the rule of the Conservative government, and they all say so.

I am convinced this budget represents the thinking of a minister and of a government which are looking to the day when Canada will have a completely planned economy. The gimmicks in this presentation demonstrate just how far hon. gentlemen opposite would like to go in developing an ever more complex bureaucracy. Just one such gimmick is the suggestion of a wage sharing contribution up to a maximum of $75 a month to any business giving employment to an unemployed person over the age of 45. The minister says the suggestion is not without difficulties and risks and will require careful administration and safeguards. While appreciating the intent, I say this scheme is so full of pitfalls it will need an army to administer.

I do not think I have time to deal at any length with the proposed 30 per cent tax on sale of shares of public companies listed on certain stock exchanges to non-residents, and since withdrawn. This has been gone into in detail by my hon. friend from Digby-Annapolis-Kings as well as by others in this house. I would say, however, that before such a far reaching suggestion was proposed in this house the government should have had some knowledge as to the possibility of its administration. This afternoon the minister came to the conclusion that the proposal was not practicable for this budget. Why in the world did he not know this before causing such havoc on the financial markets? If these special advisers he has been admiring this afternoon were half as good as indicated, they should have known that the scheme was unworkable. What concerns me more is the minister's intimation on Friday, and again today, that if he could not overcome the administrative difficulties inherent in this tax, and could not re-introduce this particular iniquitous takeover penalty—and we now know he cannot—he proposes to introduce some new, some unknown curb on takeovers which will, perhaps, be just as destructive. Again today he said that something must be done. Does the minister propose to employ the same three brain trusters to conjure up this new and threatened impost, or will he rely on the tried, trusted and proven personnel of the finance department.

This afternoon the minister tried to justify his announcement of the withdrawal of the 30 per cent takeover tax at the opening of the house of Wednesday last. Why did he do that when never before have such announcements been made until after the closing of the financial markets? Was he frightened that due to the state of the market the country was going bankrupt? Why did he break all precedent? Any of his department advisers could have told him that this just was not done. The minister has gone into some detail to show us how he is trying to achieve 25 per cent Canadian participation in foreign-owned corporations. I agree with his objective. I feel the one basic weakness in Canada's economy today is the huge annual payment of interest and dividends we must make to owners outside this country. When the previous government came into office we faced a trade deficit of some $753 million annually. We overcame that obstacle. We changed that deficit into a trade surplus over the last few years. In the meantime the balance of payments has been adversely affected by an ever increasing outgo of interest and dividends. I repeat that I agree with the minister's objectives, but is it the right method? Is it any more administratively possible than the ill-begotten $50,000 daily maximum permissible sales of Canadian corporations to non-residents? I do not think so. How is anyone to know from day to day the exact number of shares foreign-owned or Canadian-owned? For one thing stock transfer ledgers cannot be kept right up to the minute. What would happen if Canadian holdings were 24 per cent one day and 26 per cent the next? I have heard that the legal fraternity are already figuring out ways to try and beat the new proposals, such as allowing more than 25 per cent Canadian ownership of a participating common stock but non-voting, and have a small issue of voting stock. This might well help the imbalance of payments, but not the actual control in any way. Surely all this cannot help but create uncertainty and cause an outflow of foreign capital and even Canadian capital.

It seems to me that a more positive approach should be taken. Instead of penalizing the foreign investor, make it more attractive to the Canadian investor to invest in Canadian equities. Otherwise the foreign investor is definitely going to lose confidence in our economy, if he has not already done so. How

can he help it? I would like to give an actual illustration of just what this type of thing means. I will call the American subsidiary operating in Canada, to which I refer, company A. Company A has Canadian management. All its employees are Canadian. It has grown in 10 years from giving employment to 50 people to a position where it gives employment to 250. It has built up an export business. It has never paid a dividend to its American parent company. Some of its directors are Canadian. This company A had two deals pending whereby it would take over existing companies and in both cases could use its existing outlets to increase sales, increase exports, which are so important, and thereby increase employment which we all agree is paramount. If this proposal goes through I am afraid it will be the death knell of that increased employment. And to think this suggestion came from a government which had the temerity to say they could regain foreign confidence. I am as sure as can be that the foreign investor is today saying: "Oh for the good old days of the Conservative government when Canada followed sound financial policies".

There is a proposal in the budget to allow new manufacturing and processing enterprises, located in designated areas of slower growth, freedom from income tax for three years from their inception. Exactly what does this mean? Does inception mean incorporation or commencement of operations? We all know that the period between incorporation and the commencement of business often stretches into many months or more. Experience shows not too many enterprises make profits the first two or three years. Is extra depreciation as suggested of any real value during those years? New businesses if they are to qualify must be certified to have come into existence within 24 months following these measures becoming law. These terms are for a limited period. Are these enterprises going to find it advantageous to carry on after this period has expired? Personally, I feel section 40A of the Income Tax Act should be retained, as it is a continuing incentive to increased sales and, as a consequence, increased employment. It has not had a reasonable trial. I must agree with the objective desired, but I have grave doubts as to the actual application of these suggestions bringing about this objective. Only time will tell.

Then there is the proposed 11 per cent sales tax on building materials and production machinery and equipment. It will produce revenue, yes. But surely the minister is aware by now what a price he is going to pay by way of loss of jobs. I have heard it said that by the time sales tax is added to new machinery and also to the finished product, the actual building materials could be some 18 per cent higher in cost. The minister said in his budget speech that—

> —there are good reasons for using the manufacturers sales tax rather than increased income taxes.

I wonder whether that is so, Mr. Speaker. As it is, he has chosen to stifle the construction business which is so vital to our over-all economy.

There have undoubtedly been thousands of protests about this move, but let me read a letter I received this morning. This letter, Mr. Speaker, is from the rector of the United Missionary Church in Listowel, Ontario, which is in my constituency. He says:

> I am writing you regarding this 11 per cent federal tax which the Liberal government brought in in their recent budget. We are building a new church in the town of Listowel and were within four days of having our contract let and signed when the tax was imposed upon us. We feel this very keenly and it is going to work great hardship on our small congregation.
>
> I noticed an article last evening in the Kitchener, Waterloo *Record* which I shall include in my letter. If there was the possibility of doing something or lifting the tax on senior citizens homes, would churches not also come under this category as they are a non-profit organization?
>
> How this is going to help the economy of the country I cannot see, when the Liberal government said they were going to allow anyone who built a home in the winter a $500 premium and then a few days later a 11 per cent tax is put upon us. If there is anything you can do in this connection we would appreciate it greatly.

I would bring very forcibly to the attention of the minister the plight of these people.

This afternoon the Minister of National Revenue (Mr. Garland) tried to give some explanation of the regulation and as to how the operation of this new tax was going to be handled. He mentioned that certain things were going to be exempt—hospitals, public institutions, municipalities and so on. Did he mean churches? I do not think so; there was no mention of them. This was the situation when, as I mentioned, they were within four days of signing a contract. The whole gist of the explanation of the Minister of National Revenue (Mr. Garland) this afternoon was ill founded in that this had not been decided upon before the budget was presented to the house. I would like to know, Mr. Speaker, whether the Minister of Finance (Mr. Gordon) has any estimate as to the adjusted income which it is proposed he will receive because of the explanation of the Minister of National Revenue this afternoon, which course had not been determined at the time of the presentation of the budget. I think the whole thing is completely unsatisfactory and I believe, as the right hon. Leader of the Opposition (Mr. Diefenbaker) expressed it this

afternoon, the removal of the exemption from sales tax of building supplies should not be proceeded with.

There are several other proposals in the budget, some of which I agree with at least in part. The minister has said the Glassco commission recommendations that may be expected to result in greater efficiency in the public service or in useful reductions in expenditure will be implemented as quickly as possible. I hope so. An economic council is to be set up. We proposed this last session and it was blocked by the opposition of the day.

An hon. Member: That is not true.

Mr. Monteith: It is true. The minister says this government intends to maintain the fixed exchange rate at its present level. I believe it should. I cannot help but remind hon. members of the cry which went up from the present Minister of Finance and his colleagues at the time the present exchange rate was set by the previous government. They predicted gloom and doom, greatly increased prices and disaster to Canada. Now they agree with it. I feel we will all agree that excess expense accounts and high priced imported automobiles are unnecessary. It is proposed that section 18 of the Income Tax Act be repealed. This deals with lease option agreements. Due to abuses which have built up, I cannot disagree. I believe that the suggestion to make rebuilt or remanufactured goods subject to sales tax is going to hurt many small businesses. This proposal must be examined in detail at the resolution stage. I agree that the excise duty on exports of electrical energy should disappear. My colleague the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) has dealt more than adequately with the proposal that the Minister of National Revenue be vested with discretionary powers. I agree with him completely, particularly in light of the debate in this house some two years ago having to do with legislation concerning class or kind of goods made in Canada. Mr. Speaker, I am pleased, if I understood him correctly, that the minister this afternoon said he would have another look at this whole question.

There is a proposed amendment to stop a so-called device whereby a company that has experienced losses is purchased for the purpose of applying those losses against income from another business. I can understand the desire behind this amendment, but I would caution the government that there could be other objectives in purchasing such a company. Possibly by application of more knowledge, experience, sales outlets, and so on, such a company could honestly be expected to turn its losses into profits. This proposed amendment should be examined closely. There are, of course, several customs tariff changes which must be studied in detail when we get into committee on the resolutions.

The minister has estimated a deficit of $565 million for the current fiscal year. To alleviate his position in subsequent years the minister has accelerated corporation income tax payments by two months. True enough, this will provide some additional non-recurring revenue. He says it is desirable that corporations should pay their income tax as their income is earned to a greater extent than they do at present. Mr. Speaker, the minister left the impression that corporations would now be paying their income tax in a similar manner to that of individuals because they would both have to file their returns four months after their fiscal year end. I would point out that the individual is presumed to have approximately 100 per cent of his tax paid by the year end, either by way of deduction by his employer or by quarterly instalments. The corporation is not obliged to have its last instalment paid until four months after its year end. My only thought in mentioning this is that presumably some other finance minister might at some time in the future decide that he in turn would like to have available some non-recurring revenue and there is still scope in this instance to move up payments another two months or even another four months.

I cannot help but predict an actual deficit of much larger proportions before the fiscal year is ended.

There will be large supplementary estimates before next March 31. The expected return from the sales tax on building supplies, machinery and equipment will not materialize, in my opinion, simply because construction will lag due to the increased costs, and consequently the industry will suffer. I would stress that this is not my main worry concerning the sales tax, but rather the resultant loss of jobs.

As to the position in 1964-65 one can only hazard a guess at this time. The suggested old age security increase for a full year would probably be in the neighbourhood of $130 million to $140 million. Increases in salaries paid by the government are, I believe, estimated to run some $65 million in a full year. To the best of my understanding a commitment has to all intents and purposes been made to the province of Quebec to increase its annual share of tax revenue. Naturally this would include all provinces. Any such step would obviously involve many, many millions of dollars. If this government fulfils all its promises, Mr. Speaker, I do

not see how it can escape a deficit approaching $1 billion in each of the next two years, unless it raises taxes.

In conclusion, Mr. Speaker, I must say that this budget has been born out of political expediency due to rash promises made by the Prime Minister (Mr. Pearson) and his colleagues during the election campaign. But this is the accounting of the country's finances not only to Canadians but to the world. It is inexcusable that such a hash should be presented in this House of Commons. It is obvious that it was prepared without due consideration of all the possible implications. There is a lot of froth undoubtedly whipped up by the three wise men, but there is no substance, as would probably have been the case if the proper channels had been followed.

I utter harsh words, Mr. Speaker, but I feel they must be said. This afternoon the minister in some respects met certain complaints raised in this house during the past week. There is still much unexplained and his words cannot repair a great deal of damage already inflicted. His statement has done nothing to remove the calamitous uncertainty overhanging the securities market. Fortunes, I believe, have been made and lost these past few days. By the way, the Prime Minister this afternoon refused the request of the Leader of the Opposition for an inquiry into stock market transactions. What now can be done to bring this situation to an even keel? Certainly not the statement of the minister this afternoon.

Mr. Deputy Speaker: Order. I regret I must inform the hon. member that his time has expired.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, having read the report of the Gordon commission on the economic prospects of Canada, following a survey which took place from 1955 to 1957, I was, in a way, pleased to find in the budget some concepts which were based on suggestions made in that report, more particularly those which tend to ensure the safeguarding of our industry and the gradual recovery of all we lost or never had.

Like all right-thinking and sincere Canadians, I would have liked a little more firmness, but I find that the government has, at most, confirmed the policy initiated by its political predecessor, which had been qualified as anti-American by some Liberals.

Mr. Speaker, to want Canadian ownership in Canada in no way indicates that we are nurturing feelings of animosity against anyone investing in this country. Be it far from me to think so, and I cannot understand how anyone can accuse of being anti-American those who want to show a proud spirit of national independance.

We in Quebec are accused of being troublesome fellows as regards confederation, because of our nationalist mind. I want to assure our English speaking fellow citizens that we are not "anti-everything". We are not "anti-American". No, we are pro-Canadian, that is all. We are not anti-English Canadian. No, we are pro-French Canadian and, as far as I am concerned, there is quite a difference. We are proud of our Canada, we are proud of the dual culture prevailing in this country. We are fighting for biculturalism, because we want Canada to be different from the United States.

We appeal to your co-operation, we want you to understand the issue and realize the urgency of acting in this matter before it is too late. Let us become aware of the superiority our Canadian nation will get from biculturalism.

I would like to quote here the remarks which a prominent member of the London privy council made in the course of a lecture he was giving in Montreal a few years ago. He had asked the audience:

What is a French Canadian?

Whereupon a young newspaperman told him from the front row:

Sir, a French Canadian is a man who has acquired the two greatest cultures in the world. The French-Latin culture which is made of sensibility and subtlety, and the Anglo-Saxon culture which is made of honesty and on immense practical sense.

And the lecturer replied:

Sir, this is the best explanation possible for the marvelous behaviour, the peerless value I always noticed when your solicitors came before the privy council in London.

Mr. Speaker, this in my opinion is an unequivocal proof of the value of our two cultures. This is why we must together extend that heritage to the greatest possible number of our fellow citizens and to those who will come after us.

I would not for a moment entertain the idea of compelling all Canadians to become bilingual and to acquire perfect mastery of the wide scope of our two cultures; this would certainly be marvellous, but it would not in any way be justified practically.

Yet, I believe that it is logical to expect in the near future that 10 per cent of our population will be more or less gained to the

principle of biculturalism and will be able to occupy administrative positions in the public service and in all the areas of our social and economic structures.

Thus constituted, the Canadian nation would obtain an increasing recognition and a great many of our fellow Canadians would occupy prominent positions in the international field.

At present, we are experiencing growing pains, we are a new nation which grew fast and has some difficulties finding a suit which will fit its continued development.

We are in search of our true features, those our fathers of 1867 wanted us to have. I feel sure that with a little good will here and there we shall build a strong Canada respected by all.

Canada needs leaders able to set on a very high plane the ideal to be reached and to indicate clearly the paths leading to it.

I note with satisfaction that for some time we have been making progress towards greater mutual understanding and I dare hope that such is only the beginning and that we shall remain in those good dispositions.

Mr. Speaker, we are now examining the budget presented to us by the Minister of Finance (Mr. Gordon), and I should like to refer to the tone strongly flavoured with political bias in which the speech was read last Thursday. Personally, I deeply regret it because I thought very highly of the minister who always seemed without pretence, humble and sincere; what I particularly liked about him was the fact that he did not have that detestable political arrogance, so detrimental to the high regard in which politics should be held.

What comforts me, however, is the fact that I suspect him not to be the author of those uncalled for remarks but I think that they come rather from one of his colleagues whose heart is still filled with the resentment collected during the last six years spent in the gloom of the opposition.

The minister did not have to attack a defeated opponent to justify some of his omissions in the budget or to make Canadians gulp down the increase of some $100 million in taxes which the small wage earner will have to pay.

In this, he carries on the policy of his predecessors who always made the little fellow pay for the administration's errors, while helping the big man accumulate millions, because, as far as they are concerned, there can be no question of tightening one's belt. Indeed we have always seen them this way.

I hope that the minister will not let himself be guided by such bad advisers, and that he will, as he did before, serve us his own ideas, which all hon. members have appreciated during the short period of time the hon. member for Davenport has been sitting in this house.

I can assure the minister that he still has my esteem though I am aware of the bad influence to which he is exposed from those who surround him.

I would like to point out to the minister that Canadian products find it very difficult to compete on external markets and this will become more and more so.

May I quote an excerpt from an item published in the *Financial Post* of February last, in which an economist who investigated the situation in Germany—a situation always held up as an international example of planned revival—and which reads as follows:

(Text):

Its industries no longer have the enormous backlogs of unfilled orders that characterized the past decade and its exporters are doing business in world markets where oversupply and overcapacity increasingly are the rule.

(Translation):

If I refer to his statement, I find that he points out that, at the present time, Germany must, to maintain its level of economic growth, go more and more on the export market, on that market that is already completely saturated by various products. Therefore, I wonder what we, in Canada, are able to do, what we can contemplate to compete with such countries as Germany, France, Belgium and England.

In secondary industry, I am of the opinion that we will meet strong competition and our chances of success are slim. I do not want to be pessimistic but I think that Canada, like the United States, should look within her own borders. That is what President Kennedy did in the United States, our southern neighbours.

In my opinion, that is what we should also do north of the 45th parallel if we really want to find a practical solution to our unemployment problem. I wonder whether the Minister of Finance realizes that he cannot achieve this by himself, that without the co-operation of his cabinet colleagues, the possibility of success is slight. Nevertheless, there are solutions within reach, but he persists in disregarding them.

Everyone admits that the number of our secondary industries must be increased.

Everyone admits that we must produce ourselves everything that is physically and economically possible to produce.

If the minister looks around, he will see that in the government administration and in the crown corporations, hundreds of millions of dollars, resulting from taxes paid by the citizens, are used each year for the purchase of materials, machines and services directly from foreign countries. Now, those things could be produced here in a large proportion. I am convinced—as he is himself—that that is the only way to stem unemployment at present. It would be interesting for the people to see what influences, let alone bribes, are at work, before those purchases from abroad are made.

It is enough to mention here the strange bargaining that is now taking place in the eventual purchase of jet airplanes for the Trans-Canada Air Lines. According to all evidences, the Caravelle seems to be the best choice. Its efficiency has been tested from all viewpoints and we now have a choice between three airplanes which are actually Caravelles, or modified versions of that aircraft. We have been offered the Caravelles and we were told that they may be built in Canada.

The Minister of Finance might seize this opportunity to restore our external trade balance, and, in so doing, he would get out of the tight corner where he has been put by our international deficits. Those $250 million which Trans-Canada Air Lines is going to spend could be spent in Montreal on that order which, placed with Canadair, would give work to several thousand Canadian technicians and qualified workers.

We have seen in the press where another Canadian company—not a crown corporation this time—is thinking of building 18 cargoboats at a cost of more than $1 billion. And where would these ships be built? In Japan.

Well, Mr. Speaker, I feel that if a billion dollar contract were granted to shipbuilding companies in Canada, in the province of Quebec or in the maritime provinces, the Minister of Finance would surely find it easier to balance his budget or, at least, to restore our foreign trade balance. I told him the other day that he might possibly bring pressure to bear. He answered that he was not allowed to make any pressure but I feel that he should at least make suggestions which would be more appropriate at this time of the year when we are faced with yet another deficit of half a billion dollars for the year 1963-64.

Last Monday, we opened a debate on certain alleged indiscretions or certain methods which are reported to have been followed for the preparation of the budget. The members of our group did not want to have a full debate on that point because we knew that it would lead us nowhere in the long run since, at ten o'clock in the evening, there would be nothing left to say and we would have gained nothing for our trouble.

However, that does not mean that we approve the manner in which the budget was prepared. We feel it is most improper to call in strangers for the establishment of the policy under which our country is to be governed during the coming year because that could enable some people and their associates to make undue profits overnight at the expense of a defenceless and powerless public.

Nevertheless, I doubt that the minister set a precedent in doing so. It is most likely that something similar was done in the past and if the hon. gentlemen who sit on this side of the house and who accuse the minister of unspeakable actions, took the trouble of reviewing their administration in years gone by, they might find that they acted in a somewhat similar fashion if not exactly the same way. Having heard considerable talk about this matter these past few days, I feel this issue has been sufficiently thrashed out and should be dropped.

Mr. Speaker, if the Minister of Finance introduces another budget next year—I am doubtful because of certain rumours going round—I suggest that he should invite every representative public body to submit briefs on fiscal matters. Subsequently, he could look into those briefs in consultation with the senior officers of his department and, in the light of the suggestions submitted to him, he would then be in a position to prepare a budget in the best interests of the country.

Everyone admits that the Minister of Finance cannot know everything and it is normal that he should seek the required information among the general public or probe public opinion. Therefore, he should call upon representative bodies to submit briefs every year in the fiscal and economic fields, which he could study afterwards in conjunction with his officers and experts. On the other hand, I hope he will not always go to Toronto to seek experts. He should look elsewhere, in Montreal or in Vancouver. Anyhow, I hope that with the assistance of his experts and senior officials, he will be able to draft a budget that will be acceptable to everybody. To summarize, I wish him greater success than the last time.

In his 1957 report on Canada's economic prospects the hon. minister stated that full employment contributes to inflation but, quite recently, in answer to one of my questions on that statement, he told me that I would find the answer in the efforts made by the government in its budget to eliminate unemployment.

Unfortunately, I have to advise the minister that many points of his budget are entirely negative and that they checkmate every effort made by the Minister of Labour (Mr. MacEachen) to reduce unemployment.

The minister did suggest a few measures to bring about economic recovery but with only one of his negative actions, he has wrecked the positive accomplishments which one could expect from the budget.

The harmful and backward measure I am referring to is the 11 per cent tax imposed upon building materials. The minister knows better than anybody else, since he received all those telegrams and messages, that this tax is unpopular. Of course, the question is not whether the tax is popular or not, for we all know that there is no such thing as a popular tax, and we are not concerned presently with the popularity of the tax itself but with its devastating effects.

Both the Minister of Labour and the Minister of Finance have stated that unemployment should be eliminated, that it has lasted too long already; of course, no one can disagree with that. But when on the one hand he makes minor concessions and on the other introduces taxes to kill the advantages offered through other measures, we wonder what the members of the cabinet plan to do with such a procedure.

Mr. Speaker, this new tax shows the state of confusion which pervades the cabinet. They take back with one hand more than they gave with the other and each department seems to work in isolation.

Following the coming to power of a Liberal government a few members of which are prominent planners and economists, after all the promises they had made, we believed that we would see the unemployment problem solved and everything going perfectly smooth. But how disappointed are the Canadians. One is wondering whether one of these days one will not be asked to establish a department of planning to plan some of the government's planners. Things have reached that point.

The Minister of Labour offered a $500 bonus to those who will build during the winter months. The Minister of Finance imposed an 11 per cent tax on building materials. The Minister of National Revenue (Mr. Garland) proposed to reduce by one quarter of 1 per cent the interest on mortgage loans, but where would all that lead us? If the left hand doesn't know what the right hand is doing, we would be better off if nobody gave anything, since in the end the cost to government for collecting taxes and giving back bonuses or some other kind of grants will consequently reduce the government tax revenues. In a way, we are carrying water with a bottomless pail and I wish to stress that the people are not getting anything out of it.

The people were expecting much, they have been utterly disappointed, those thousands of Canadians who are hungry and lack the necessities of life. Following the promises made by this government in the last two general elections, we were entitled to expect a much more positive and speedy action from the Liberals. Some will say that election promises are just as good as a drinker's determination. And once more, unfortunately, this proverb has been confirmed, yet there will be some to wonder why some voters are cynical and do not have any respect for those who administer the business of this country. Keep on like that, keep on protecting capitalism, and a day will come, which is not too far away where we will fall into the quagmire where other countries have foundered into most complete anarchy.

Mr. Speaker, I do not know whether the government are aware of the situation, but I feel it is time they react because pretty soon it will be too late.

In order to encourage the establishment of industries in depressed areas, the minister provides certain allowances and, by the way, I should like to know on what basis the Minister of Finance and the members of cabinet will determine in what depressed areas industries will be allowed to settle in order to enjoy the benefits provided for in the budget. That would be a good thing to know so that it does not work to the advantage of the richer areas.

Besides, the solution provided by the multiplication of secondary industries cannot be carried out overnight and something more will have to be done to eliminate unemployment quickly.

Mr. Speaker, I had expected much more from the municipal development bank and I must say that I am greatly deceived. I realize that many amendments will be needed to Bill C-76 before we can expect from it substantial benefits to alleviate unemployment.

Mr. Speaker, I realize that time flies. I shall summarize by saying that this budget as a whole is disappointing. It contained some interesting proposals, but the withdrawal of the 30 per cent tax—not so much the 30 per cent tax in itself, but the principle which it confirmed—has somewhat disappointed me.

I think that the Liberal party went right off the track. But considering the fact that the government has now been in office for only two months and that they had many promises to fulfil, we shall grant them a reprieve so that they may either redeem themselves or to prove completely before the people that they are incompetent.

I am sure the people will accept for another period of time to tolerate the government they have elected. Now the opportunity is being given to them to judge the two old line parties. As a matter of fact, they have already dealt with the Conservatives and they are now trying the Liberals who went into retreat for a few years. The people, probably convinced that the Liberals had been chastened by their penance, realize now, a few months later, that the government is changed, but that we have actually been keeping the same administrators and that we should not expect great solutions to the problems facing the nation and the Canadian economy.

The government has submitted its budget and the minister has assumed full responsibility for it as he has assumed the responsibility for the withdrawal of the 30 per cent tax. We criticized him. We submitted proposals to him, as it is our duty to do, and we are asking him to take them under consideration. Time will tell who provided the right answer to the problems facing our country.

(Text):

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I should like to deal with the amendment which has been proposed by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). I should like to deal with it in two parts, first the part which deals with the procedures in the preparation of the budget, and I shall read the words contained in that part of the amendment:

> This house regrets that the Minister of Finance by failing to maintain the constitutional practice of the essential secrecy of the budget has seriously weakened public confidence;

I shall deal with that point first; and then I shall go on to deal with the balance of the amendment which has reference to the contents of the budget itself.

I am one of those who is new in the house, but with some experience in government as a civil servant, I can understand the anxiety of hon. members that the essential secrecy of the budget should be maintained. At the same time I must say I deplore the insinuations which reflect on the honesty and integrity of certain persons who have been named in this house without any evidence whatsoever to support those insinuations and reflections.

May I deal with the procedures? I naturally agree with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) that secrecy is absolutely essential. If there were any suggestions in anything that was said in this house that the secrecy of the budget had been in any way impaired I would be one of those who would vote for the amendment. But there have been no charges made of any kind, and when the Leader of the Opposition was challenged to make such charges he flunked. I know the reasons why it is of great importance, indeed, essential, that secrecy be maintained not only because of the importance of the question itself but also because we all recognize that no one should be in a position to exploit prior knowledge for personal gain. This is a principle upon which we all agree. I should like to draw the attention of hon. members to another financial operation conducted a few years ago in which there was great opportunity for personal gain for individuals having prior knowledge.

An hon. Member: Make the charge.

Mr. Sharp: I am making no charges. I am dealing with this incident, and I hope the hon. member will listen very carefully to what was done by the opposition of that day. I am referring, of course, to the conversion loan. This was an operation of the previous government the financial implications of which were at least as large as, indeed far larger than those provided by this budget or by any budget presented to the house with respect to opportunities for profit by any investment dealer privileged to have inside information. What did the previous administration do at the time of the conversion loan? The loan was to be announced to the public on a Monday. On the previous Thursday, 14 investment dealers and bankers were assembled in Ottawa. On Friday, 28 more were assembled and these gentlemen were asked to advise on the technical details of how this mammoth financial operation should be handled. On the Saturday, about 200 of the senior members of investment and banker institutions were added to the circle of people being given inside information.

Mr. Nowlan: Nonsense; sheer nonsense.

Mr. Sharp: All these people were sworn to secrecy. Many could have profited greatly by breaking that oath. But there has never

been any suggestion that any improper use was made of their information. It was, and is, a great tribute to the integrity of Canadians and of those individuals who were privy to this inside information from which they could have profited, had they broken their oath—

Mr. Nowlan: Would the hon. member permit a question? When he becomes minister of finance will he not consult bankers before he negotiates a loan?

Mr. Sharp: That is exactly the point that I think ought to be borne in mind by all hon. members. There are occasions when it is necessary to do these things. I am not criticizing the previous government for having done what it did. That is not the point of my speech.

Mr. Martineau: I should like to ask the minister if he thinks matters pertaining to the budget can be assimilated to any other matters with regard to which the government might seek advice.

Mr. Sharp: I suggest to the hon. member that the essence of the case is the same. There is no greater need for secrecy about the budget than there is about a loan from which millions of people could have made a profit.

Mr. Balcer: Would the minister permit a question?

Mr. Sharp: I think I have been charitable in allowing interruptions, and I should like to finish what I have to say. I believe there is one more speaker, at least, and I should like him to have an opportunity of addressing the house.

When my colleagues were in opposition—I was not here at that time; I was earning a living—they criticized and rightly criticized the conversion loan with respect to its financial effects. They never suggested the government had been wrong to rely on the honesty of Canadians. They never suggested that information which the government gave to people in a position to profit by it was in fact used for such a purpose. That is the distinction. The present Leader of the Opposition, at that time prime minister presumably knew how the conversion loan was handled. Presumably he knew that many men who derived their income from financial operations were given information from which they could have profited had they broken their oath of secrecy and used that knowledge for their own ends or for the companies who paid their salaries.

The Leader of the Opposition was prime minister when 200 people were trusted in this way, yet he now pretends to see a conflict of interests when two people are trusted. By insinuation and innuendo, but never by charges, he suggests there was impropriety. What can one say of this? I can say only that the whole issue upon which so much of the time of the house has been spent in the last few days is a false issue. Canadians who take oaths, at least in my experience, can be trusted. The right hon. gentleman's government, when he was in power, acted on that assumption.

An hon. Member: Where is the evidence?

Mr. Sharp: Well, you trusted them. The right hon. gentleman's government trusted them in their hundreds. My colleague, the Minister of Finance, has trusted two.

An hon. Member: He said three.

An hon. Member: Four.

An hon. Member: Five.

Mr. Sharp: Any more?

The Leader of the Opposition was right. I am not criticizing him. He was right when he gave his trust. I am not suggesting there was anything wrong about it. But I do suggest he is wrong when he insinuates there was a betrayal of trust, a betrayal of budget secrets, because two men were brought from the financial community to assist the present Minister of Finance.

As all hon. members are aware and, more particularly, those who recently occupied the treasury benches, the budget, as well as other form of legislative action, is becoming more complicated as governments necessarily intervene in trying to influence the economy. It is necessary to bring in outside experts of one sort or another to help governments as temporary officials in departments or as members of commissions. In my opinion this is a useful development. I have served in government and I have served outside. I think some exchange of government specialists with businessmen from time to time on special assignments is a most useful development, and I hope it continues. I do not look on it as any reflection on the civil service that these two, four, or as many as you like to say, came in to help the Minister of Finance (Mr. Gordon) in preparing the budget and other legislation which was part of the economic program. I should like to pay tribute to the men, many of whom I have known when I was a permanent civil servant myself, many hundreds, indeed perhaps thousands, who from time to time gave their services to the government without hope of gain, many with great cuts in their incomes, just in order to make a contribution to the public welfare.

Although perhaps this is redundant, I should like for a moment to repeat in a

different form two or three of the points made today by my colleague the Minister of Finance when he was dealing with the three consultants who have been under discussion in this house. As hon. members know, no budget has been debated in this house for two years. There was a budget last April but it was never debated. In fact, there has been no accounting of the financial affairs of this country for two years. No opportunity has been given hon. members of this house to discuss the financial affairs of the country thoroughly and at length until now. Somebody suggested to me the other day that in view of the criticism which has been made of this budget it is small wonder that the previous government did not bring one down for a couple of years. It was also most important, not only for a financial accounting of this country, which was so long overdue, but because of the economic problems being faced by this country, that a budget should be brought down as quickly as possible, and for that reason the Minister of Finance had to resort to special procedures in order to get help in the preparation of his budget.

We could have proceeded otherwise. We could have delayed this budget for quite some time. But I suggest to hon. members that it is important to have a budget even if the opposition does not thing so, as their actions show. Moreover, I think the Minister of Finance was right when in his budget he brought forward part of the program of this government for employment and the supply of those incentives which are so needed if this country is to make the progress that it should be making. It was also necessary to bring it in at once if these measures were to have the desired effect with regard to next year's unemployment. This meant a heavy work load on the Department of Finance, where there is already a shortage of senior staff. It would have been impossible, as those on the opposition benches who were formerly in government knew, to have been able to get permanent civil servants at this time to do this work.

The hon. member for Digby-Annapolis-Kings (Mr. Nowlan) suggested that these gentlemen wrote the budget. I am sure the hon. gentleman knows that, in the final analysis, no one writes the budget except the minister, and he gets help from many officials. These officials who are under criticism here had no executive power. They had no power to make any decisions. They were merely advisory. They were in the same position as were any permanent civil servants.

Let us look at the position as it emerged. Those on the treasury benches recognize as much as everyone else the special necessity for secrecy in connection with the preparation of the budget. This is a tradition which is well established and certainly one which my colleague the Minister of Finance honours, and I am sure will honour regardless of how many budgets he brings in. Everyone who worked on this budget was sworn to secrecy. There has never been any suggestion that they were not. Under the circumstances it is obviously better that anybody working on the budget or any other financial legislation be paid by the government. This government would not lightly depart from that general rule. I was interested in the observation of my colleague the Minister of Finance when he said today that perhaps in a technical sense he had departed from a convention. But there was no suggestion by anyone that these individuals were in any way prejudiced or hampered in the discharge of the temporary duties they had undertaken by the fact that they had not been taken off the payroll of the companies concerned, but paid by them during the temporary period they were employed in the government; nor has anyone suggested that this made any essential difference to the conflict of interests.

May I go back to a much more important occasion when there were at least 200 people brought in and given inside information. Nobody suggested at that time that they should be taken off their payrolls while they gave temporary advice to the government on a matter on which they might have made a fortune had they broken their oaths of secrecy. Moreover, Mr. Speaker, it seems to me that if these men who are from time to time called in to give temporary service to the government are required to sever all their connections with the companies they serve, it will be very difficult indeed for this government to get help from time to time, or for that matter for the next government, to whichever party it may belong, to get the help it requires if individuals have to terminate their careers in private business for a short period, and then return to them. I think this is an impracticable state of affairs in the world in which we live today where, as I say, it is from time to time necessary for the government to get technical help of one kind or another.

If there were any risk whatsoever that budget secrecy would be destroyed by asking people to come and serve the government for a temporary period, then everyone would agree that it would be better to do without them even if their services would be invaluable. But it never occurred to anybody concerned, least of all, I am sure, to my colleague the Minister of Finance, that there was any risk. The probity of these gentlemen is beyond question. It has not been challenged by the

Leader of the Opposition (Mr. Diefenbaker) nor by any other hon. member of this house. These men, as I have said, were not brought in to make decisions; they were not brought in for executive responsibility of any kind; they were brought in to advise.

Mr. Monteith: What horrible advice.

Mr. Sharp: What, then, could be alleged against them?—that they twisted, or slanted, or influenced the budget because of their normal occupations?

An hon. Member: Talk about the 11 per cent and 30 per cent taxes for once.

Mr. Sharp: I would suggest to hon. members that any suggestion that anyone—

An hon. Member: Talk about the budget.

Mr. Sharp:—twisted, or slanted, or influenced the proposals made by the Minister of Finance is simply making an allegation that is about as unconvincing as any I have ever heard. The record of the Minister of Finance, his personality, his experience, his reputation establish beyond doubt that he is a man who would not be influenced, and particularly would not be influenced in ways which, with his business experience, he would be more alert than anyone to protect if there were any question of special interest at work.

So we are left with one other possibility, that these men leaked budget secrets. This is one charge of substance that could be made in this matter, but it has not been made. The Leader of the Opposition (Mr. Diefenbaker) was challenged to make it today and, as I said before, he flunked.

Some hon. Members: Hear, hear.

Mr. Sharp: If the Leader of the Opposition would like to make the charges now—

An hon. Member: Don't eat up the clock.

Mr. Diefenbaker: The tradition is that when an hon. member is making a maiden speech, one does not interrupt.

Mr. Sharp: I only say to the Leader of the Opposition that I was interrupted three times before he came in.

Mr. Diefenbaker: But not by me. The tradition is that we do not do that.

Mr. Sharp: I can assure the Leader of the Opposition that if he would like to intervene now and make these charges, I would not be offended in the least.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: You have not very much to cheer about over there.

Mr. Nowlan: Don't kill too much time, boys.

[Mr. Sharp.]

Mr. Horner (Acadia): Set up the committee and then we will prove it.

Mr. Sharp: Mr. Speaker, I believe there is another hon. member who wishes to speak on this subject. I am sorry I have taken up so much time on this point. However, may I just conclude my remarks by again repeating the words—

An hon. Member: Oh, no.

Mr. Bell: How about repetition?

Mr. Sharp: Let me again repeat the words of the first paragraph of the amendment:

> This house regrets that the Minister of Finance by failing to maintain the constitutional practice of the essential secrecy of the budget has seriously weakened public confidence.

I say to the house that this is a very serious charge. I am surprised—

Mr. Horner (Acadia): Set up the inquiry, then.

Mr. Sharp: —that the hon. member for Digby-Annapolis-Kings should have put his amendment in these words—

Mr. Nowlan: In such a moderate way.

Mr. Sharp: —and may I suggest that if there is any substance in this charge, the charges should be made now.

Some hon. Members: Hear, hear.

Mr. Nowlan: Mr. Speaker, on a question of privilege, the minister said a few moments ago that anyone making a charge should make it now. Now he says that I made a charge in this amendment. He said that if a charge was made, the government would set up a committee. According to his words I made a charge; then let the government set up a committee.

Mr. Sharp: My concluding words, Mr. Speaker, are these, that all there is in the first paragraph of this amendment is innuendo and insinuation.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I listened with a good deal of interest this afternoon to the Minister of Finance (Mr. Gordon). I must say that I have never listened to a weaker defence. The minister who came in here on June 13 and made one of the most belligerent and partisan budget speeches that I have ever listened to at least appeared today in a much humbler and wiser mood. I think the author of "Troubled Canada" will now be able to write an autobiography called, "A Troubled Canadian".

Mr. Speaker, this is a thoroughly bad budget presented with an unbelievable amount of fumbling, bungling and ineptitude. Let me

deal first of all with the matter of the presentation of the budget itself. The ineptitude is shown up on two counts. First of all there were the three budgeteers from Bay street. At first the minister tried to evade this question, and then some five hours later he came into the house and admitted that they had been brought in as consultants. These men cannot be compared, as the Minister of Trade and Commerce (Mr. Sharp) compared them, with some consultants brought in for consultation for one or two hours. These were men who were hired for several weeks and yet were retained on the payrolls of their respective companies. This arouses the whole question of the conflict of interest. It is not enough for the Minister of Trade and Commerce to stand up and say "Let somebody make a charge". It is not enough that the public interest be protected; it must manifestly be seen to be protected.

This afternoon the Minister of Finance (Mr. Gordon) beat his breast about the innuendoes and insinuations that have been hurled at these innocent victims of political chicanery, but he himself put them in that position by bringing them here and making them privy to the preparation of the budget while they continued to be employed by investment dealers. It is only natural that newspapers and others who have seen strange happenings on the stock exchange should draw conclusions which may not be warranted. But the minister himself has put them in this awkward and embarrassing position. I suggest that when the Prime Minister gets his report from the stock exchanges, as he has promised to do, it will warrant a thorough and complete investigation into the block trading that took place immediately prior to and immediately after the presentation of the budget.

The other ineptitude was shown in the handling of the 30 per cent takeover tax which the minister announced in the house on June 13; then on June 19, less than a week later, he came into the house and said he was withdrawing the tax because of administrative difficulties. Mr. Speaker, was he not aware of these administrative difficulties? Had he not consulted his officials prior to putting this tax into the budget? Had there been no consultation with the Minister of National Revenue (Mr. Garland) and his officials? What was there six days later that made administrative difficulties more apparent than had been six days before? This was the very essence of ineptitude. When the minister was asked on the 19th of this month, last Wednesday, he said no one had been informed about this except the Prime Minister and some members of the cabinet. But on Friday last we found that all three of the budgeteers from Bay street had been informed prior to this statement being made in the house. The minister may talk about being misunderstood but to me this was a matter of misleading the house. I suggest that no member can mislead the house without receiving the censure of the house. I want to say that the presentation of this budget is the acid test of the Prime Minister's sense of responsibility to parliament and to the conduct of public affairs in this country, and it will be for him to decide whether or not the minister in question should continue to occupy the portfolio he now holds.

The outrageous manner in which the budget was presented, Mr. Speaker, should not be allowed to obscure the fact that the budget itself is a dismal failure in the light of the economic problems that confront this country and the state of the Canadian economy. There are four things about the budget that I would criticize. First of all, it is not an expansionary budget. It is a regressive and schizophrenic budget. It does nothing effectively to regain control of the Canadian economy and it does nothing about increasing Canada's export trade. I doubt that in the time at my disposal I can deal with all four points but I will deal with as many as I can.

First of all, I say this it not an expansionary budget. The crying need of this country is to remove unemployment by promoting a higher rate of economic growth. This will not be done by this budget. In the first place, it will not be done by allowing business corporations to keep a larger share of their profits as an incentive to investment. From 1957 to 1961 real investment declined by 11 per cent and in the same period of time business savings increased by 4 per cent.

Nor will we cure unemployment and promote economic growth by providing larger profits to business as an incentive to investment. During the period 1955 to 1957 inclusive the corporate tax burden was greater per dollar of profit than it has been since 1957. Yet this was the period of our greatest investment boom. Why? Not because profits were greater—they were less—but because there was anticipation of an increased effective demand. That effective demand did not materialize but the fact is that this was the incentive, and the need in our economy today is to increase effective demand so that a larger portion of our population in Canada can buy the goods and services that our economy is capable of producing in this technological age.

There are two ways in which we can increase this effective demand. The first is by injecting massive doses of social capital into our economy in order to put the unemployed to work and to increase productivity. We should use the Bank of Canada and we should

be prepared to accept the need for extensive deficits and deficit financing. The Minister of Finance (Mr. Gordon) said this afternoon that he had only three alternatives. He said he had to increase income and corporation taxes or he had to increase the general sales tax or he had to impose a sales tax on building materials and production machinery. He said that these were the three alternatives if you accept the premise that we must move toward a balanced budget.

There we have the kernel of the whole matter. We in this group do not accept this premise. As a matter of fact, when I listened to the minister delivering his budget speech I thought he had found an old budget speech of Mr. Fleming's lying in the office and had simply dusted it off and brought it before the house.

Some hon. Members: Oh, oh.

An hon. Member: Never.

Mr. Douglas: Someone has said that the more things change the more they are the same. This country need not be afraid of deficit financing. As my colleague, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) pointed out, Sweden, which has full employment and a higher standard of income per capita than Canada, has a deficit of nearly 3 per cent of its gross national product, twice that of Canada. We in this country could double our deficit financing without being in serious difficulty. We would not lose by it. In the long run increased productivity, what we would save by putting the unemployed to work and increased economic activity would bring the government back a great many economic returns both in tax revenue and in other ways.

But the government has done just the opposite. Instead of seeking to stimulate the economy it has applied an 11 per cent sales tax on building materials and production machinery and this will have the effect inevitably of slowing down construction. This is going to have the effect of throwing people out of work. This is going to stop some of the building programs that were being planned. This is why I say this is a schizophrenic budget. We have set in motion two great forces going in opposite directions, the one cancelling out the other. On the other hand we say we have got a budget that is going to promote full employment and on the other hand we impose taxes that will produce unemployment and stop economic growth and development.

The municipal development and loan fund will help, of course, but social capital cannot be supplied only by the municipalities. What about the provincial governments, and the federal government carrying their share of supplying social capital? There is nothing in this budget that will do that. The minister knows better. The minister began his speech by making a good Keynesian case for deficit financing and then, having made his proper genuflections to the Mecca of Keynesian economics, he took off across the arid sands of orthodox financing that lead to the land of unemployment and economic stagnation.

The other thing that needs to be done to increase effective demand is to put purchasing power into the pockets of that section of our economy which is unable to buy the goods and services which this country has to sell. We do this by putting unemployed people to work at decent wages. We do this by increasing the old age pension and lowering the age to 65 years. You do it by increasing family allowances and veterans pensions. You do it by lowering the income tax on the lower and middle income groups and you do it by lowering sales taxes, not increasing them, so as to lower the cost of living, thereby increasing the purchasing power of great sections of our population.

I want to say, Mr. Speaker, that there is nothing in this budget designed to promote full employment. There is nothing in this budget that will help promote economic growth. This budget is a regressive budget. At the present time federal taxes are divided roughly into 60 per cent direct taxes and 40 per cent indirect taxes. When the provinces and municipalities are included, the average Canadian pays about half his taxes indirectly and half his taxes directly. There is no more vicious or regressive tax than an indirect tax. The minister took the one place to find the money he thought he needed, not in the field of direct taxes, not by a capital gains tax, not by taxing those who have more than they need, but by placing an additional $700 on the cost of a small house. This means that a man purchasing that house under N.H.A. and paying 6¼ per cent over 25 years will have $1,377 added to the cost of purchasing that house. This is why we say this is a regressive tax, placing a burden upon those who are least able to bear it. It is for this reason, Mr. Speaker, we in this group cannot support this budget, nor will we be associated with the cloud of suspicion that has surrounded its presentation.

On the other hand, on March 27 last on a national television program, I made a commitment to the people of this country that if a minority government were elected in Canada we would give that minority government,

whichever party formed it, a reasonable period of time in which to carry out its program for economic recovery. This government has not yet had a reasonable period of time. They have not yet made much use of the time they have had. However, we believe they are entitled to a reasonable period of time. Therefore we find ourselves in a dilemma. We are not prepared to vote confidence in this budget or in the manner of its presentation. On the other hand, the amendment moved by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) is not only a statement of opinion, with which opinion we largely agree, but written into that amendment is the provision that the government should be turned out and that a general election should be held.

We do not believe the people of this country want an election. This would be the third general election in 15 months. We believe that the people of this country want this parliament to get on with the job of governing Canada. For that reason, we of the New Democratic party, will abstain from voting on this amendment.

Some hon. Members: Shame, shame.

Mr. Douglas: By abstaining from voting we are saying to the government that we are prepared to see you stay in office in the hope that you will do something to implement the promises you made to the people of Canada. But by abstaining, we are also stating that we have no confidence in this budget, that we will not be associated with this dismal budget and the disastrous consequences which we believe will flow from its implementation.

Mr. Speaker: Order; it being nine forty-five o'clock, it is my duty, pursuant to section 5 of standing order 58, to interrupt these proceedings forthwith and put the question on any amendment now before the house.

The house divided on the amendment (Mr. Nowlan) which was negatived on the following division:

Division

YEAS

Messrs:

Aiken
Alkenbrack
Balcer
Baldwin
Bell
Cadieu (Meadow Lake)
Cantelon
Casselman, Mrs.
Chatterton
Churchill
Clancy
Coates
Cooper
Crouse
Diefenbaker
Dinsdale
Doucett
Fairweather
Fane
Fleming (Okanagan-Revelstoke)
Forbes
Grafftey
Gundlock
Hales
Hamilton
Harkness
Horner (Acadia)
Horner (The Battlefords)
Howe (Wellington-Huron)
Jorgenson
Kennedy
Korchinski
Lamb
Lambert
Loney
MacInnis
MacLean (Queens)
Macquarrie
McBain
McIntosh
Madill
Martineau
Millar
Monteith
Moore
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
Ormiston
Pascoe
Paul
Pigeon
Pugh
Rapp
Rhéaume
Ricard
Skoreyko
Slogan
Smallwood
Smith
Southam
Stefanson
Stenson
Thomas
Valade
Watson (Assiniboia)
Webb
Willoughby
Winkler—73.

NAYS

Messrs:

Addison
Basford
Batten
Bechard
Beer
Belanger
Benidickson
Benson
Berger
Boulanger
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Caron
Carter
Cashin
Chevrier
Chretien
Cowan
Crossman
Davis
Deachman
Denis
Drouin
Drury
Dupuis
Ethier
Favreau
Forest
Forgie
Francis
Frenette
Garland
Gelber
Girouard
Godin
Gordon
Granger
Gray
Greene
Groos
Habel
Haidasz
Hahn
Harley
Hays
Hellyer
Honey
Jewett, Miss
Kelly
Klein
Konantz, Mrs.
Lachance
Laing
LaMarsh, Miss
Lamontagne
Lamoureux
Langlois
Laniel
Laverdiere
Leboe
Lessard (Lake St. John)
Lessard (St. Henry)
Lloyd
Loiselle
Macaluso
Macdonald
MacEachen
MacNaught
McIlraith
McNulty
McWilliam
Martin (Essex East)
Matheson
Matte
Mitchell
Moreau
Morison
Mullally
Munro
Nicholson
O'Keefe
Olson
Otto
Ouellet
Patterson
Pearson
Pennell
Pepin
Pickersgill
Pilon
Plourde
Regan
Richard
Rideout
Rinfret
Robichaud
Rock
Rouleau
Ryan
Sauve
Sharp
Stewart
Tardif
Temple
Tremblay

Division

Tucker	Watson (Châteauguay-Huntingdon-Laprairie)
Wahn	Whelan—113.
Walker	

During the taking of the vote:

Mr. Diefenbaker: After the vote has been taken I wish to rise on a point of order before determination and tabulation takes place.

On a point of order, not because it will affect the result at all, but with a view to preventing a precedent being established here, I wish to draw your attention, Mr. Speaker, to the fact that no member in the house, in his seat in the house, can refrain from declaring his vote. That has been an accepted principle throughout the years. I refer to Bourinot's Parliamentary Procedure at page 381 where it is stated:

> If a member of the Commons who has heard the question put does not vote, and the attention of the Speaker is directed to the fact, the latter will call upon him to declare on which side he votes; and his name will be recorded accordingly.

The only exception is where there is a motion not properly before the house. I direct your attention to *Hansard* 1956, volume 5 at pages 4553 and 4554 when the Conservative party, at that time in opposition, did not vote on a course of action submitted by Mr. Speaker. During the taking of the vote, Mr. Speaker said:

> Those who are opposed will please rise.

Hon. Mr. Drew said:

> We are not voting because there is no question properly before the house.

When a question is properly before the house it is requisite that members shall vote if they are in the house. That goes back to May 12, 1879, and it has never been departed from since. At that time a certain hon. gentleman, a Mr. LaRue, voted although he had been paired. Sir John Macdonald said that it rested with the hon. member to say whether his vote should remain on the record or not. If he chose to have his name recorded it was for him to say so. Then these significant words:

> Every member in the house, if called upon was compelled to vote, and, even if a gentleman got up and stated that he had paired the house could compel him to vote, because, if he had paired, he must leave the house before the vote was taken.

That was the general principle. I raise this point at this time not because it will in any way alter the result of this vote, but a precedent of this kind is detrimental to the proper processes of parliamentary procedure, if members sitting in the house in their places say that they will not vote on a measure before the house.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in the first place I think it would be helpful if you would rule on the right of the right hon. Leader of the Opposition (Mr. Diefenbaker) to raise a point of order before the vote has been announced and during the taking of the vote. Apart from that matter, the point which the hon. gentleman now makes with such emphasis apparently did not occur to him when he was prime minister and leader of the house when, in a vote in the last session of parliament the hon. member for Halifax, one of the former prime minister's followers, abstained from voting and that abstention was not mentioned or noted by the right hon. gentleman.

Mr. Winch: Mr. Speaker, on a point of order—

Mr. Speaker: I am sorry, it is after ten o'clock.

Mr. Winch: —the result of a vote must be announced before any hon. member can say he was paired. Therefore no question can be raised till the vote is announced and the pairs are also announced.

Mr. Speaker: In order to unravel this little tangle I should like to have the vote announced, and I am prepared to give a ruling right afterwards. I am not sure it will please everyone but at least it will be a ruling.

And the result of the vote having been announced: Yeas, 73; nays, 113:

Mr. Speaker: I declare the amendment lost.

Mr. Mackasey: I was paired with the hon. member for Bow River (Mr. Woolliams). Had I not been paired I would have voted against the amendment.

Mr. Cardiff: I was paired with the hon. member for Algoma West (Mr. Nixon). Had I voted I would have voted for the amendment.

Mr. Roxburgh: I was paired with the hon. member for Regina City (Mr. More). If I had voted I would have voted against the amendment.

Mr. Teillet: I was paired with the hon. member for Portage-Neepawa (Mr. Enns). Had I voted I would have voted against the amendment.

Mr. Badanai: I was paired with the hon. member for Victoria-Carleton (Mr. Flemming). Had I voted I would have voted against the amendment.

Mr. Brown: I was paired with the hon. member for Simcoe East (Mr. Rynard). Had I voted I would have voted against the amendment.

Mr. Blouin: I was paired with the hon. member for Waterloo North (Mr. Weichel). Had I voted I would have voted against the amendment.

(Translation):

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I was paired with the hon. member for Waterloo North. Had I voted, I would have voted against the motion.

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I was paired with the hon. member for Riviere du Loup-Temiscouata. Had I voted, I would have voted for the amendment.

(Text):

Mr. MacEwan: I was paired with the hon. member for Shelburne-Yarmouth-Clare (Mr. Armstrong). Had I voted I would have voted for the amendment.

Mr. Speaker: I might say immediately that when the Leader of the Opposition (Mr. Diefenbaker) raises these interesting matters I am always impressed at first with the experience of the right hon. gentleman and his knowledge. However, he referred to Bourinot and the citation to which he referred involved an incident many years ago. Sir Erskine May's Parliamentary Practice, sixteenth edition, page 434, refers to the British house of commons and says:

> Practice in the House of Commons—A similar rule formerly obtained in the House of Commons, but in session 1906, in connection with the changes made in taking divisions which have been already mentioned, the house agreed to a new standing order—now S.O. No. 33—which provided that a member might vote in a division although he had not heard the question put, and that a member was not obliged to vote although he was in the house when the question was put.

Then dealing with a very similar situation, Mr. Glen, as reported in the debates of the House of Commons for September 28, 1945, page 542, said:

> Mr. Speaker, this question has always been somewhat confused in this House of Commons. The hon. member for Cariboo (Mr. Irvine) spoke of an incident which occurred at a time when he was a member of the house. He has pointed out that on that occasion the matter was brought to the attention of the house and that the hon. member in question was requested to record his vote.

This is the important part.

> A year ago when we were dealing with a revision of the rules this matter was considered carefully by hon. members of the committee. At that time they did not think they should make a recommendation to the house in this connection. The position I always took when I occupied the Speaker's chair was that an hon. member who was in the house should record his vote; but if he did not do so the Chair had no power to compel him to do so.

So in accordance with previous precedents I must regretfully reject the suggestion.

Mr. Nugent: Mr. Speaker, on a point of order, no member had recorded a vote to the house—

Mr. Speaker: I am sorry, I am in the happy position of not allowing any debate on my ruling.

On motion of Mr. Nasserden the debate was adjourned.

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

HOUSE OF COMMONS

Tuesday, June 25, 1963

The house met at 2.30 p.m.

PENSIONS

TABLING OF LETTER TO PROVINCIAL PREMIERS RESPECTING PENSION PLAN

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to table copies in English and French of a letter I addressed on June 20 to the premiers of all the provinces concerning the Canada-wide pension program.

[*Later:*]

Mr. T. C. Douglas (Burnaby-Coquitlam): I wonder whether the Prime Minister would be prepared to have the letter which he tabled, and which has been sent to all the premiers, regarding the pension plan, included in *Hansard* as an appendix. It would be very useful to hon. members.

Mr. Pearson: I would be glad to do that.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: For text of letter above referred to see appendix.*]

AGRICULTURE

FEDERAL GRANT TO WESTERN VETERINARY COLLEGE

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I wish to inform the house that I am today writing to the ministers of agriculture for the four western provinces informing them that, subject to the approval by parliament of a vote for the purpose, the government is prepared to make a financial contribution toward the capital cost of constructing and equipping a college of veterinary medicine in western Canada.

The estimate which in due course will be presented to parliament for this purpose will be for a grant of 25 per cent of the cost to a maximum of $625,000. Decision as to the province in which the college will be located will be a matter of arrangement among the western provinces and universities.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I think all those who are interested in the agricultural industry in Canada will appreciate the announcement by the Minister of Agriculture. As part of the program of developing the beef cattle industry it became clear some years ago that there had to be a greater supply of veterinarians in Canada. To that end I had proposed to the four western provinces that they co-operate in the building of this institution and set an example for all similar types of activity in this country whereby co-operation of the various provinces could achieve the end desired by all.

I think the size of the grant proposed by the minister is sensible, because even though the responsibility for education rests with the provinces it is also a fact that the need for veterinarians in the federal service is very great. I think 25 per cent represents approximately the extent to which the federal government should participate. With respect to making a capital grant rather than an operational grant, I think this will probably create a precedent that may prove troublesome in the future, but so far as the statement of the minister is concerned I think the house will generally agree that it is good news.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, we in this group appreciate the announcement made by the Minister of Agriculture, except that we think the federal contribution is rather small in view of the fact that a veterinary college is needed very badly in western Canada. It is recognized and accepted in Canada that the health of animals is a federal responsibility, and we certainly are aware that there is a need for an additional veterinary college to train veterinarians to look after the health of animals. However, when the situation arises where an institution of this nature is being built for the benefit of more than one province, surely this is an area where the federal government should participate rather heavily. While we welcome the announcement that the federal government is finally going to make a tangible offer with respect to building this college, we do not think 25 per cent to a maximum of $625,000 represents the responsibility that the federal government ought to shoulder in this respect.

I believe there is going to be a need for co-operation among the four western provinces in finding the other 75 per cent of the cost of construction and also with regard to the very real consideration of the operating costs after the institution is built. Surely we cannot expect one province to pay for the

training of students from other provinces as veterinarians to look after the health of animals. While we welcome this announcement that something is going to be done, we do not feel that 25 per cent represents a fair share of the federal responsibility in this respect.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to commend the Minister of Agriculture for his announcement that the federal government is prepared to make a grant of 25 per cent of the cost of building a veterinary college in western Canada. There is a crying need in all four western provinces for such a college. The growth of both the livestock and poultry industries has become an important factor in the economy of western Canada, and I think there will be widespread agreement that the minister has done a good thing in agreeing to this grant. I feel certain that the four western provinces will co-operate in seeing that such a veterinary college is constructed.

UNITED NATIONS

STATEMENT ON FINANCING OF PEACE KEEPING OPERATIONS

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): I promised the house several weeks ago that when I was in a position to do so, I would report on the progress being made at the special assembly of the United Nations regarding the financing of the peace keeping operations of the organization. I am happy to report that the general assembly has now reached agreement on a number of measures concerned with financing of the United Nations peace keeping operations.

The first establishes principles as guide lines for the sharing of the costs of future peace keeping operations. Two resolutions provide for the financing of the United Nations emergency force and ONUC for the last six months of this year. Another appeals to member states to pay up their arrears in respect of their assessed contributions for payment of these operations. Another resolution authorizes the secretary general to continue the sale of United Nations bonds until the end of 1963. A further resolution re-establishes the working group on the examination of administrative and budgetary procedures for the purpose of studying the establishment of a special scale of assessments for financing of future peace keeping operations involving heavy expenditures and of studying the ways and means for reaching a unanimous consensus on questions of principles relating to peace keeping operations in general. The working group is asked to report to the general assembly at its nineteenth session. As the house is aware, Canada is a member of this working group of 21 countries. The seventh and last resolution requests the secretary general to consult all member states and other interested organizations on the desirability and feasibility of establishing a peace fund to receive voluntary contributions from member states as well as from organizations and individuals and to report to the eighteenth session of the assembly.

The Canadian delegation at this special assembly, Mr. Speaker, has played a leading role in the negotiations which led to the adoption of this package of resolutions. I believe that real progress has been achieved at this fourth special session of the general assembly. A solution to the immediate need of the United Nations as regards the peace keeping operations in the Middle East and in the Congo has been found. Further, the general consensus which has emerged in establishing guide lines for the sharing of costs of future peace keeping operations marks an important step in the search for a permanent solution to this problem.

These resolutions, of course, must go to the plenary session, but in view of the large majority which they received in the committee I have no reason to believe that they will fail of adoption. I am sure hon. members will want me to express their thanks to the Canadian delegation.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the announcement which has been made is naturally received with pleasure. However, it does not meet the situation which will culminate on January 1 next. In other words, members of the United Nations refusing to pay their assessments are thereby going to harm this organization. Indeed, if they continue in their course the strength, power and effectiveness of the United Nations as an organization will have been largely emasculated.

What the minister has placed before us is simply a plan for the time being, setting out guide lines as to the courses to be followed. The large issue of the responsibility of member nations in the United Nations to make their contributions and to meet their levies in connection with peace keeping operations, has not been met.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, we on this side are pleased to note that this progress has been made as outlined in the report given by the Secretary of State for External Affairs. Canada has an enviable reputation for carrying her share in the

struggle for peace and in the peaceful development of world resources, both material and human. I am sure our delegation at the United Nations has again proven this fact, and I feel assured that the government and the Secretary of State for External Affairs will continue to emphasize the importance which Canada places on making every possible effort for the continuance and improvement of this role of the United Nations.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I think it is unfortunate that some nations have refused to meet their assessments to permit the logical and proper financing of peace keeping operations in the manner in which it should be carried out. However, I agree with the Secretary of State for External Affairs that, as a makeshift plan, the next best thing is to establish a peace keeping fund. I hope that when such a fund is established Canada will be a substantial contributor to it.

FINANCE

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, some time ago I directed a question to either the Prime Minister or the Minister of Finance and asked whether any representations, official or unofficial, had been received from the administration in Washington regarding certain portions of the budget, particularly those dealing with foreign investment. At that time, as I recall, it was stated that the matter would receive the attention of the Secretary of State for External Affairs, and I now ask him whether or not such representations have been made, and whether indirectly our representatives in Washington were made aware of the fact that the United States administration regarded certain terms of the budget as discriminatory.

Hon. Paul Martin (Secretary of State for External Affairs): I know of no such representations, Mr. Speaker.

(Translation):

[*Later:*]

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, last Friday during the question period, I asked the Minister of Finance on what administrative grounds he based his decision to withdraw the 30 per cent tax on the sale of Canadian shares to foreign companies. The minister told me at that time that he would answer my question during the present debate. Now, he gave the house some explanation of budget matters last night and, at one time, he added, as reported on page 1497 of *Hansard* for June 24:

But nevertheless, having reread *Hansard* carefully, I am convinced in my own mind that my answers were at all times accurate and proper replies to the questions asked.

Mr. Speaker, the minister failed to answer the question I put to him, namely: what administrative reasons compelled him to withdraw the 30 per cent tax on the sale of Canadian shares to foreign companies.

(Text):

Mr. Speaker: I am very sorry, but I am afraid the hon. member was not here yesterday when it seems to me this matter was thoroughly ventilated. The house rendered a decision yesterday, and I suggest to the hon. member that he raise this question during the budget debate or else during discussion of the budget resolutions.

(Translation):

Mr. Gregoire: I rise on a point of order, Mr. Speaker. It is exactly what I was told last Friday. We are now considering the budget and the Minister of Finance gave some explanations yesterday. Now, this point has not been raised at all. This morning I read yesterday's *Hansard* to see if the minister had answered my question and he did not do so. This is the reason why I am asking it again today.

(Text):

Mr. Speaker: I would point out to the hon. member that the minister is not obliged to answer. He may answer if he wishes, or not. Therefore I suggest to the hon. member that he contain himself until the budget discussion starts.

Mr. D. M. Fisher (Port Arthur): On a point of order, Mr. Speaker, I was going over your remarks yesterday when the house leader for the official opposition raised a point of order, and I feel that your response to the hon. member for Lapointe is within the very same context. I think the point needs reiterating from our point of view—when I say "our" I mean the members of the opposition—that the fact that there is a debate in progress gives no opportunity or right or privilege to any member of the opposition to query a minister.

There is a distinction, surely, between what may be an opportunity to ask a question and get an answer in the course of debate and the right or privilege of asking a question directly across the floor of the house during the question period. I wanted to raise this point of order to be sure the Speaker understood that we in our group are not prepared to accept, without much further discussion, the argument that seemed to be presented yesterday, that when there was a debate on.

such as the budget debate, that was the relevant place for us to ask our question.

(Translation):

Mr. Gregoire: I rise on a point of order, Mr. Speaker. On page—

(Text):

Mr. Speaker: I am sorry—

Mr. Thomas M. Bell (Saint John-Albert): On the point of order, Mr. Speaker—

Mr. Speaker: On the point of order?

Mr. Bell: Yes, Mr. Speaker, on the point of order may I add to what has been said by the hon. member for Port Arthur and say that to rule out a question because an opportunity will be provided in the budget discussion which continues later today would be most improper. Every question could then be ruled out of order; because we all know, with due respect to Your Honour, that the budget debate is wide open and everything may be discussed during that debate.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, may I be allowed to say a word in connection with this matter, which is not raised here for the first time; because I remember the attitude of some hon. members opposite when I sat on the other side of the house.

Some hon. Members: Order.

Mr. Chevrier: The position seems to be that there is no right, because of what is happening now, to query ministers. None the less this has been happening now for about a week, and certainly it happened yesterday for at least an hour, if not more, or an hour and a half.

An hon. Member: That is a different point.

Mr. Chevrier: When questions are under debate it has never been the practice to allow repetition such as is being attempted at this time. My submission to you, sir, is that there will be an opportunity, not only today but tomorrow in the course of the budget debate, and there will be a still greater opportunity on the budget resolutions, to go into these matters in detail. I believe, sir, that there should be some finality to the procedure and the process which it is being sought to follow.

Mr. Grafftey: That is a sort of quasi closure.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, my point is this. I intend to ask a question of the Minister of Finance which is related to the 11 per cent sales tax imposed in the budget. Since returning from my constituency, having had numerous questions asked of me on this point, I approached the whip, and I find that I cannot enter this debate because too many hon. members want to speak on these subjects. Therefore I would be debarred from speaking, and I feel I have a right to ask a question somewhat similar to the one that has already been put.

(Translation):

Mr. Gregoire: Mr. Speaker, on the same point of order. I believe that in the specific case we are considering now, since the Minister of Finance on Friday last answered this—

> I will be glad to take this up in the course of the debate.

—and inasmuch as yesterday afternoon, while clarifying the details of the budget, the Minister of Finance did not satisfy us by giving the necessary explanations, I believe, Mr. Speaker, that since the Minister of Finance promised it himself we would have a clarification of the administrative reasons which led to the withdrawal of the 30 per cent tax.

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, might I draw Your Honour's attention to citation 171 of Beauchesne which deals with the kinds of questions which must not be asked. A question must not—

> (r) refer to debate or answers to questions of the current session.

Then (v):

> —anticipate an order of the day or other matters.
> (w) raise a matter of policy too large to be dealt with in the limits of an answer to a question.

I submit that on all three counts the hon. gentleman's question would be out of order.

Mr. Speaker: If I may be permitted to refer to section 171 of Beauchesne I should like to add to the list mentioned (c), which says that a question oral or written must not—

> —multiply, with slight variations, a similar question on the same point.

And also (d), that a question should not—

> —repeat in substance a question already answered, or to which an answer has been refused.

As indicated yesterday and several times previously I have, I hope with some justice, ruled that a question should not be repetitious, that in my opinion this was a matter for debate on the budget resolutions, and that this was anticipating the debate. I also mentioned earlier today that the minister does not have to accept a question, and that in effect during the question period we are debating the budget. For all these reasons it seems to me we would make much faster progress, unless a question is extremely urgent or very important, by proceeding during the question period with other matters.

(Translation):

Mr. Gregoire: I rise on a question of privilege, Mr. Speaker.

In view of the fact that it is impossible to get an answer to that question, I make it a point of privilege, because the privileges of the members of the house in that respect are violated most flagrantly. I maintain that the Minister of Finance misled the house when he stated that he withdrew that tax because of administrative reasons. I say that he did so under pressure from people above the members of the house and I mean by that the large international financiers.

(Text):

Mr. Speaker: Of course hon. members will realize that I am trying to be right and also just in the matter under dispute, but I must tell the hon. member that I see no question of privilege in what he has raised.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Finance a question relating to the budget, and I think it is in order. My question relates to the announcement that the minister is to appear on the national C.B.C. network tonight to answer questions on his budget and its presentation. My question is, has the minister any answers to give the television audience in this matter which he has not given to the house?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I am not appearing on any network tonight. Perhaps I should just correct what I said. I did give a tape recording, not to the C.B.C. but to another network, concerning a few remarks I made yesterday. I believe that will be broadcast this evening, but not by the C.B.C.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to ask a question of the Minister of Labour. When the Minister of Labour announced in this house a $500 bonus to winter home builders, was he aware of the finance minister's intention at that time to impose an 11 per cent tax on building materials?

Mr. Speaker: I am sorry, that question is not in order.

Mr. Grafftey: Excuse me; the question was—?

Mr. Speaker: Not in order.

Mr. Grafftey: I am sorry, I did not hear your ruling, sir.

Mr. Speaker: I said your question was not in order, or was out of order; it amounts to the same thing.

Mr. A. D. Hales (Wellington South): My question is directed to the Minister of National Revenue. I should like to ask him whether a real estate offer to purchase constitutes a bona fide contract under the new tax regulations.

Hon. J. R. Garland (Minister of National Revenue): I do not think I should be expected to give a legal opinion.

Mr. Speaker: Yes, I should like to point out that I do not think hon. members are entitled to ask ministers for legal opinions.

(Translation):

Mr. L. J. Pigeon (Joliette-l'Assomption-Montcalm): Mr. Speaker, I wish to put a question to the Prime Minister.

Does the government intend to grant exemption from the 11 per cent sales tax to building materials used in the erection of schools, colleges, educational institutions or churches, besides what was announced yesterday?

(Text):

Mr. Pearson: This matter can be dealt with when this particular budget resolution is before the committee for discussion.

(Translation):

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, a few moments ago I had a question for the Minister of National Revenue (Mr. Garland), but considering that the hon. member for Joliette-l'Assomption-Montcalm (Mr. Pigeon) has asked a question along the same line, I refrain from repeating it.

(Text):

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I have a question for the Minister of Finance. Yesterday's press indicates that the timing of the tax withdrawal announcement made when the markets were still open on Wednesday was determined on the advice of senior officials of the Department of Finance who were alarmed at the rapid drop in the market indexes—

Mr. Speaker: Order. What is the question?

Mr. Skoreyko: My question is, do Department of Finance officials henceforth have authority to direct spontaneously a course of action that will affect trading on the stock markets when and if it appears to dip?

Mr. Gordon: Mr. Speaker, I suggest to the hon. member that he read my speech made yesterday in the house, and I think he will find the answer there.

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, yesterday I asked the Minister of Finance a question regarding the unfair tax on prefabricated homes and he said he would be glad to look into the matter. I wonder whether he can tell me now if any adjustment will be made?

Mr. Gordon: Mr. Speaker, I am seeing representatives of that particular industry this afternoon. When I have done so I will be conferring with my colleague the Minister of National Revenue, and if any announcements are to be made or any rulings or regulations issued I am sure my colleague will be capable of doing so.

(Translation):

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, may I ask the Minister of Finance (Mr. Gordon) a question? How much did it cost the government to have the three Toronto advisers review the budget after the sudden appearance of the president of the stock exchange, Mr. Kierans?

(Text):

Mr. Gordon: Mr. Speaker, I have already answered questions about the terms on which these gentlemen were engaged, and if the hon. member would like to put a question on the order paper I would be glad to find out exactly how much they received.

Mr. Joseph Slogan (Springfield): Mr. Speaker, I have a supplementary question to that asked by the hon. member for Edmonton East. I should like the minister to clarify the statement he made yesterday when he said, "In the light of the stock market action at the time"—

Mr. Speaker: Order. That sort of question is not within the rules. In further elaboration I would refer the hon. member to Beauchesne, section 171 (r), which reads as follows:

(r) refer to debate or answers to questions of the current session.

Mr. Heber E. Smith (Simcoe North): Mr. Speaker, I have a question relating indirectly to the withdrawal of the 30 per cent tax. When the announcement was made no mention—

Mr. Speaker: Order. I very much dislike interrupting the hon. member but this is similar to the previous question.

Mr. Smith: It is not similar. If the Speaker will hear me out he will see that it is not similar. Will the Minister of Finance assure us that the withdrawal of the 30 per cent tax will also apply to companies not listed on the stock exchanges? Has the tax been withdrawn in their case as well?

Mr. Gordon: Yes, Mr. Speaker.

Mr. Pugh: Mr. Speaker, I have a question for the Minister of Finance, and it is in reference to the 11 per cent sales tax and large projects such as the Peace river power project. Has consideration been given to large scale projects now in the course of construction where such projects are not being built under one contract but under a series of contracts, and where such contracts of necessity could not have been called prior to the budget date; and will the new contracts in such cases be subject to the 11 per cent sales tax?

Mr. Speaker: I thank the hon. member for the interesting question, but it should be on the order paper.

Mr. Diefenbaker: I rise on a question of order, Mr. Speaker. I think, if there ever was a question of an urgent nature to the whole nation, it is certainly this, because of the spasmodic and uncertain way in which the government has introduced the regulations governing the tax.

Some hon. Members: Order.

Mr. Diefenbaker: I can say there is nothing more urgent than that a degree of certainty be established in regard to these so-called regulations.

Mr. Pugh: Mr. Speaker, may I speak to the point of order. Further to what the Leader of the Opposition has said, to my own certain knowledge within the province of British Columbia and elsewhere throughout Canada there are large corporations now in the course of constructing projects which have had to modify their financing at the most critical time, and have had to go into new feasibility studies. The need is urgent, and it should be actually quite easy within the 60 days of decision to give an answer on this subject, which is important.

Mr. Speaker: There is no question about the importance of the matter. The only point is that this is question time, and whether it should be raised at this time. If it should be raised at all it should be in a very pointed, concise question. That is all.

Mr. Pugh: Mr. Speaker, with reference to the question which I asked the Minister of Finance, in view of the urgency I am wondering whether he would take it as notice; and I would like to ask a supplementary question of the Prime Minister. Have representations been received from the province of British Columbia concerning the effect of the 11 per cent sales tax on the Peace river project?

Mr. Pearson: I shall have to look into that, Mr. Speaker. I am not aware that they have been, but I shall look into it as soon as I get back to my office.

(Translation):

Mr. Latulippe: Mr. Speaker, my question is directed to the Minister of Finance.

Since the minister deemed it necessary to consult experts of the big financial interests, has it not occurred to him to consult also

experts on financial matters pertaining to the Canadian families?

(Text):

Mr. Speaker: I must interrupt once more to say this is an argumentative question, and another of the type that should not be asked at this time.

POWER

COLUMBIA RIVER—REPORTED STATEMENT BY B.C. LIBERAL LEADER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address to the Prime Minister a question of national importunity. In view of the fact that Mr. R. J. Perrault, Liberal party leader in British Columbia, recently informed a public meeting in Nelson that he had been in contact with him concerning the Columbia river treaty, and in view of the fact that he also stated it was his personal belief that the Mica creek dam is going ahead first, is the Prime Minister in a position to give the house any information on this question?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, these negotiations are still going on.

Mr. Herridge: A supplementary question. In view of the fact that Mr. Perrault has suggested that no decision should be taken on the high Arrow dam until a further study of the situation has been made, would the Prime Minister consult with Mr. Perrault, or are his talks confined to Premier Bennett?

Mr. Pearson: I would be very glad to make inquiries as to what Mr. Perrault actually said.

TRANSPORT

ACQUISITION BY PROVINCIAL CORPORATIONS OF ABANDONED RAIL LINES

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct my question to the Prime Minister. In the matter of rail line abandonment, is the federal government prepared to consider legislation allowing for the transfer and acquisition of lines and property designated for abandonment by a municipal or provincial transportation utility or corporation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Minister of Transport has already dealt with this matter in answer to similar questions.

Mr. Nasserden: On a point of privilege, I do not believe the Minister of Transport—

Mr. Speaker: There is no point of privilege there.

SUGGESTED ADDITIONAL FERRY SERVICE BETWEEN NOVA SCOTIA AND NEW ENGLAND

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of Transport. In view of the fact that the government of Nova Scotia has requested the federal government to establish a second year round ferry service between Nova Scotia and New England to supplement the service now provided by the ferry *Bluenose,* will the minister reconsider this important matter in the light of the economic benefits which such a service would provide to the primary and tourist interests of the Atlantic provinces?

Hon. G. J. McIlraith (Minister of Transport): I read with interest in the paper that a brief had been sent to me on the subject. It has not been received as yet. When it is received I will give the matter consideration, though I would point out that the studies made by the former government did not indicate that it was economically feasible to add a ferry. However, I will look into the whole matter.

Mr. Crouse: A supplementary question; I suppose this is really not a question but a comment. In view of the marked expansion which has taken place in the fishing industry in the last few years as a result of Conservative legislation, and the need of additional ferry service to supply the American market—

Mr. Speaker: Order, please.

BRITISH COLUMBIA—FEASIBILITY STUDY OF CANAL PROJECT

On the orders of the day:

Mr. Stuart A. Fleming (Okanagan-Revelstoke): Mr. Speaker, my question is directed to the Minister of Northern Affairs and National Resources. Has the minister received a representation requesting federal participation in a feasibility study of the Okanagan-Shuswap canal project, and is it correct to assume that the minister's response to any such presentation has been a refusal?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, the only knowledge I have of that proposal is what I have read in the interior newspapers of British Columbia. To my knowledge no request, either official or unofficial, has been received in connection with it, and I cannot say any more at this time, of course.

Mr. Fleming (Okanagan-Revelstoke): A supplementary question. Did the minister not receive a verbal request from Mr. Henry Tremblay in this regard?

Inquiries of the Ministry

Mr. Laing: Mr. Speaker, I have no recollection of that whatsoever. I know Mr. Tremblay. He lives in Vernon.

Mr. Fleming (Okanagan-Revelstoke): A Liberal campaign manager.

Mr. Laing: I have no recollection that he mentioned this matter to me at all. There were some newspapers either forwarded to me or which I saw in the Okanagan valley, but that is the only knowledge I have of the matter.

ROYAL CANADIAN AIR FORCE

TYPE OF AIRCRAFT TO BE SUPPLIED TO YEMEN CONTINGENT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the minister of defence. What type or types of aircraft have been supplied or are to be supplied to the R.C.A.F. contingent in Yemen, and from where are those aircraft to be drawn?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I will take the question as notice.

TRADE

RED CHINA—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Can the minister report to the house on the trade negotiations with China, particularly with reference to importation of textiles?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I am not in a position to give any report other than to say that the chief commissioner of the Canadian wheat board is, I believe, now in Hong Kong carrying on these negotiations. I have had no reports, in any event, as to what has happened since he left, so I am not in a position to give a report to the house at the present time. As I said previously, I do not think it would be in the public interest to reveal the respective positions of the negotiators while the negotiations are in progress.

Mr. J. H. Horner (Acadia): A supplementary question. Can the minister assure the house that the government is prepared to put up the necessary credit so the chief commissioner may be able to make arrangements for sales?

Mr. Sharp: I cannot give that assurance, but it is not my anticipation that any difficulties will arise in that connection.

[Mr. Fleming (Okanagan-Revelstoke).]

NATIONAL PARKS

GARIBALDI PARK, B.C.—REFUSAL OF PERMISSION FOR FEDERAL INSPECTION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to direct to the Minister of Northern Affairs and National Resources. Has the government of British Columbia failed to grant to the federal department the right, requested by the federal department, for its staff members to inspect the Garibaldi park area which has recently been diverted by the B.C. government to private uses?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, first of all I think there is an implication in the question which is not correct. The suggestion is that part of the park has been taken over by means of a lease, granted, I understand, by the government of British Columbia to some private operators. I do not think that is the case. I think the property which has been leased is adjacent to the provincial park. When I came to this post I publicly offered, or renewed an offer which had been made on two previous occasions, to consider turning Garibaldi into a national park, and later on a I wrote a letter to the premier of British Columbia. I should like to read part of this letter to indicate what I said:

> It was certainly not my intention to suggest that British Columbia simply turn the area over to the federal government without having a better understanding of precisely the way the development would be carried out. I am writing to ask you if you will grant my department permission in the current year to undertake within the present boundaries of Garibaldi park . . . a complete survey of the varied potentialities which could be developed within a national park.

To that letter I have as yet received no reply.

GRAIN

SASKATCHEWAN—INQUIRY AS TO DELIVERY QUOTAS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Yesterday I sent the Minister of Trade and Commerce notice of a question, but because of the length of the question period I did not make my inquiry. Perhaps the minister would answer my question today.

I have a map showing the location of the grain delivery points in Saskatchewan which were placed on a 12 bushel quota yesterday, June 24. Can the minister explain why nearly all these points are in the western half of the

province, while less than a dozen are to be found in the whole of southeastern Saskatchewan?

Hon. Mitchell Sharp (Minister of Trade and Commerce): A similar question was asked yesterday, and I said that at least on one ground there was no one who would think it had anything to do with politics. But I will bring this question to the attention of the Canadian wheat board, as I am sure the hon. member would wish, to see if they can raise the quotas in places where they are now low.

Mr. Pascoe: Does the minister's reply indicate that the railways have placed a restriction on the movement of grain from the southeastern areas of Saskatchewan, and is this restriction due to the fact that there is a storage congestion at the lakehead resulting from a drop in wheat exports in the past few weeks?

Mr. Sharp: I am not aware that those are the facts. As I reported to the house a few days ago, when we took office there was a sharp drop in export sales—

Some hon. Members: Oh, oh.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Would the minister now indicate whether there is any necessity to build a terminal in this area, which has only five and six bushel quotas?

NATIONAL DEFENCE

NUCLEAR COMMITMENTS—REPORTED STATEMENT BY PRESIDENT KENNEDY

On the orders of the day:

Mr. G. W. Baldwin (Peace River): I have a question for the minister of defence. Has the hon. gentleman's attention been directed to the speech of President Kennedy at Bonn as reported in the *Globe and Mail* on Tuesday, June 25, in which he is reported to have referred to the prospect of persuading other countries not to grasp the nuclear nettle? If so, would he care to comment on this eminently reasonable observation?

Hon. Paul Hellyer (Minister of National Defence): The answer is no, Mr. Speaker.

NUCLEAR WARHEADS—SIGNING OF AGREEMENT WITH UNITED STATES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I should like to direct a question to the Prime Minister. Has a general agreement with the United States for the acquisition of nuclear warheads by Canada under a system of joint control been signed as yet? If not, what is the reason for the delay?

Right Hon. L. B. Pearson (Prime Minister): It has not been signed yet, and the reason for the delay is to make sure that when it is signed it is a proper agreement.

Mr. Harkness: May I ask a supplementary question. Is the Prime Minister not aware that this is a very simple type of agreement, so far as the general agreement is concerned, and that the only reason for delay so far as I can see is the lack of willingness of his government to sign it?

Mr. Pearson: It may be a simple type of agreement, but it took the previous government three years to decide to do nothing about it.

Some hon. Members: Oh, oh.

Mr. Pearson: If there is any delay in this matter, Mr. Speaker, it is not due to the Canadian side of negotiations.

Mr. Harkness: I have a further supplementary question. Is the Prime Minister aware that the minister of defence stated, at the time this government was formed, that this agreement would be signed within a month or thereabouts?

Mr. Pearson: It takes two to sign an agreement, Mr. Speaker. We hope the signatories to this agreement will be announced to the house very shortly, and I repeat it will not take three years.

(Translation):

LABOUR CONDITIONS

QUEBEC—STRIKE AT SOLBEC COPPER MINE

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I wish to put a question to the Minister of Labour.

On Friday March 24, I directed a question to the Minister of Labour concerning the strike of 200 miners at the Solbec mine which has been going on since March 1, in the province of Quebec. I asked him whether he had a report on that matter and he answered "no".

In respect to the last demonstrations which took place during the week end, can the Minister of Labour assure me that he will get information on that matter in order to make a report to the house as soon as possible?

(Text):

Hon. A. J. MacEachen (Minister of Labour): In so far as the federal department of labour is responsible for this matter, I will be glad to make inquiries.

Inquiries of the Ministry

(Translation):

UNEMPLOYMENT INSURANCE

QUEBEC—EXTENSION TO NON-PERMANENT ROADS EMPLOYEES

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct an uncontroversial question to the Minister of Labour.

Can the minister tell us whether the government intends to agree to the request from the Quebec department of highways aimed at extending to non permanent employees of that department the provisions of the Unemployment Insurance Act?

(Text):

Hon. A. J. MacEachen (Minister of Labour): I will be glad to make inquiries of the unemployment insurance commission, and advise the hon. member as to the results.

INQUIRY AS TO IMPLEMENTATION OF GILL REPORT

On the orders of the day:

Mr. Raymond Langlois (Megantic): I should like to direct a question to the Minister of Labour with reference to a question asked by the hon. member for Lake St. John on May 20 concerning the Gill report. Is the minister now considering the possibility of implementing some of the recommendations made in the Gill report?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the Gill committee report is currently under study, and when the government is in the position to make a decision on this matter appropriate legislation will be introduced into the House of Commons.

Mr. Langlois: Will the minister tell the house approximately when he intends to implement the recommendations in this report?

Mr. MacEachen: It will depend upon the progress made in studying the recommendations of the Gill committee.

WATER RESOURCES

BRITISH COLUMBIA—SUGGESTED DIVERSION INTO FRASER-THOMPSON SYSTEM

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Fisheries. Knowing of the great concern the hon. gentleman has for the protection of the salmon industry on the west coast and particularly for the preservation of our salmon spawning rivers such as the Fraser, I would like to ask him if his attention has been drawn to an item in the Trail *Times* of June 18 to the effect that provision should be made for the diversion of Columbia river waters into the Fraser-Thompson system. Would the minister care to comment on this suggestion, which emanated from one Roy Perrault?

Hon. H. J. Robichaud (Minister of Fisheries): The article in the Trail *Times* to which the hon. member referred has not been brought to my attention.

NORTHERN AFFAIRS

CONSIDERATION OF PROPOSAL TO DIVIDE NORTHWEST TERRITORIES

On the orders of the day:

Mr. Gene Rheaume (Northwest Territories): My question is addressed to the Minister of Northern Affairs and National Resources. On June 7 I asked the minister if he and his colleagues would consider setting up a special committee of this house to investigate a proposal to divide the Northwest Territories into two separate territories. In reply the minister said, as reported on page 780 of *Hansard*:

> I think that with regard to any possible change in the present policy of presenting bills to the house I would have to take the question as notice and make a further study. I may be doing that in a few days.

My question is this. Is the minister now in a position to advise the house whether he and his colleagues have made any decision since June 7?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Not today, Mr. Speaker.

(Translation):

CANADIAN BROADCASTING CORPORATION

SASKATCHEWAN—REQUEST FOR FRENCH TELEVISION STATION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Secretary of State who has jurisdiction over the management of the Canadian Broadcasting Corporation.

Can the minister tell the house whether the C.B.C. intends to grant soon a French language television station to Saskatchewan, a request which has been made many times?

(Text):

Hon. J. W. Pickersgill (Secretary of State): I will bring the question to the attention of the Canadian Broadcasting Corporation and let the hon. gentleman know their answer in due course.

ARTS, LETTERS AND SCIENCES

ROYAL COMMISSION—REQUEST FOR REPRESENTATION OF ETHNIC GROUP

On the orders of the day:

Mr. Joseph Slogan (Springfield): I have a question for the Prime Minister. It refers to the proposed commission on biculturalism. Will the Prime Minister assure the house that to achieve the purposes of this commission, as stated in the speech from the throne, one or more appointments will be made of Canadian elements of other than Anglo-Saxon or French origin in order that recognition may be given —and I quote from the speech from the throne—to "the contribution of other cultures"?

Right Hon. L. B. Pearson (Prime Minister): I hope and believe that the appointments to the commission will be such as to take all aspects of our national life into consideration.

Mr. Slogan: I wonder if the Prime Minister can give us any indication when he expects this commission to be set up.

Mr. Pearson: I had hoped to make an announcement about the commission when all the replies had been received from the provinces. I thought it would be courteous to wait until those replies were in. We are still awaiting a reply from British Columbia.

EXTERNAL AFFAIRS

PORTUGAL—INQUIRY AS TO SUPPLYING OF MILITARY AID

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to direct a question to the Secretary of State for External Affairs. In view of the statement in Ghana's national assembly on June 21 by President Nkrumah that without NATO weapons and support Portugal "could not maintain for a year the vast apparatus she employs for the suppression of the people and the exploitation of the resources of large areas of the African continent", would the minister assure the house that Canada does not and will not supply Portugal with any military aid, and that Canada will, moreover, prevail on its NATO allies to cut off all such aid from Portugal?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. gentleman for giving me notice of his intention to ask this question. In reply I would say that Canada has not delivered mutual aid to Portugal since November, 1960. Earlier shipments to Portugal, as to other NATO countries, had been made on the understanding that they would be used only to strengthen the defensive capacity of the organization and only for the defence of the NATO area as defined in article VI of the north Atlantic treaty, which does not include Angola.

The same situation prevails at the present time in that there have been no contributions of Canadian military assistance to Portugal since November, 1960, and it is the intention of the present government to continue the long standing Canadian policy of giving mutual aid only for the defence of the NATO area.

I might add that Canada's views on the use to which mutual aid can appropriately be put are well known to all members of the NATO alliance.

NATO—WITHDRAWAL OF FRENCH FLEET TO NATIONAL COMMAND

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Can the minister inform the house whether the recently reported withdrawal of the French fleet from NATO command will affect Canadian interests and, if so, would the minister care to comment?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. gentleman for giving me notice of his intention to ask this question. The Canadian government and other NATO governments have been officially informed of the intention of the government of France to withdraw its naval forces assigned to NATO and place these forces under national command. The implications of this aspect of French policy are now the subject of study and discussion by the NATO council and NATO military authorities, and I am not on that account in a position to comment at this time. The Canadian government for its part intends to carry out Canada's own defence commitments to NATO within the NATO framework.

VETERANS AFFAIRS

OLD AGE ASSISTANCE PAYMENTS TO RECIPIENTS OF WAR VETERANS ALLOWANCE

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Veterans Affairs involving a matter of great concern to many veterans in Canada. Can the minister say whether war veterans allowance recipients over 70 will get the full benefit of the $10 payment under the Canada pension plan?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I regret to have to inform the hon. gentleman that I cannot possibly answer that question at the moment. These announcements will be made in due course.

Mr. Chatterton: May I ask the minister—

Mr. Speaker: Order. I do think that question could be raised a little later on the budget resolutions or even during the budget debate, or it could be put on the order paper.

Inquiries of the Ministry

ROYAL CANADIAN NAVY

REPORTED REFUSAL TO PERMIT RE-ENLISTMENT OF PETTY OFFICER

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Has the minister now received a letter complaining that Eric Petersen was discharged from the navy as a security risk because his father in law was a communist when Mr. Petersen was a baby? If the minister cannot report yet on this particular case, can he now state whether the political beliefs of a relative determine whether a serviceman is a security risk?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, the letter has been received and a review has been commenced.

AIR TRANSPORT

USE BY MOUNTED POLICE OF STRIKEBOUND PLANES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Minister of Justice. On June 17, when I believe the minister was absent from the house, I addressed a question to the Minister of Transport concerning reports that members of the Royal Canadian Mounted Police were using the strikebound planes of Pacific Western Airlines between Calgary and Edmonton. The Minister of Transport told me that inasmuch as the Royal Canadian Mounted Police were involved, he would refer the matter to the Minister of Justice.

My question is, has the minister been able to determine whether these reports were well founded, and if they were well founded has he taken steps to ensure that the members of this force will be using the alternative means of transport available?

Hon. Lionel Chevrier (Minister of Justice): The Minister of Transport did bring this question to my attention, and the answer I have is as follows. The strike I understand is not recognized as a legal strike, as the participants have not gone through conciliation, and it has never entered the minds of the Royal Canadian Mounted Police that they were taking part in strikebreaking activities. The strike affects only a small percentage of Pacific Western Airlines employees. Pacific Western Airlines service is being used by the Royal Canadian Mounted Police between Calgary and Edmonton chiefly for the escorting of female prisoners because the fare is cheaper and the schedules are more convenient.

[Mr. Speaker.]

Mr. Barnett: May I address a supplementary question to the Minister of Labour. Will the Minister of Labour inform this house whether the strike in which Pacific Western Airlines is involved is considered to be a legal strike by the federal Department of Labour or the labour relations board?

Hon. A. J. MacEachen (Minister of Labour): The officers of the Department of Labour have been in close touch with this situation. Their services have been available to the disputants. In so far as the legality of the strike is concerned, that is a matter that is not for me to deal with on the orders of the day.

Mr. Barnett: May I phrase my supplementary question in another way. Have the striking unions which are involved in this dispute with Pacific Western Airlines complied with the provisions of the Canada labour relations act?

Mr. MacEachen: May I answer that question in this way, Mr. Speaker. I have received no evidence that would indicate that they have not complied.

(Translation):

ROYAL CANADIAN MOUNTED POLICE

USE OF WARRANTS IN BOTH LANGUAGES

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he tell the house whether he has received the information he promised to get last week concerning the R.C.M.P.'s use of bilingual summons and warrants?

Moreover, since Beauchesne has been referred to on many occasions since the beginning of the session, could he tell us what progress is being made on the translation of that treatise?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, in reply to the first part of the question, I must say that the Prime Minister has called my attention on this matter, which is under consideration by the R.C.M.P. I will inform the house as soon as I have a full report.

But, for the information of the hon. member, I should like to say that when a violation occurs on parliament hill or on drives or roads falling under the jurisdiction of the R.C.M.P., it is the practice to issue warrants in both languages.

Mr. Gregoire: A supplementary question, Mr. Speaker. Can the Minister of Justice assure the house that the R.C.M.P. will stop annoying the citizen of Hull they were after last week, until it has been determined whether the R.C.M.P. is using bilingual warrants?

Mr. Chevrier: Mr. Speaker, I cannot give that assurance to the house because under the present Department of Justice Act, R.C.M.P. constables act as agents for the police force of the city of Ottawa, which is under the jurisdiction of the province of Ontario.

Furthermore, according to the constitution, English is the official language of that province. However, as I said at the beginning of my remarks, I have asked the R.C.M.P. to make an inquiry and, as soon as I have the facts at my disposal, I shall be able to give the house a full report not only on what happened on parliament hill but also in the city of Hull. In the meantime, I do not think I can add anything to what I have already said.

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to ask the Minister of Justice a supplementary question. Could he tell us whether his government is thinking of setting up a parliamentary or federal authority to look after federal government property here in Ottawa? Could the Minister of Justice also recommend that the R.C.M.P. come directly under his authority as regards federal government property?

Mr. Chevrier: Mr. Speaker, when the hon. member speaks of my government, I hope he means his government as well, for, after all, it is the government of Canada. As for the second part of his question, the statutory orders which grant jurisdiction on parliament hill to the R.C.M.P. were submitted to this house by the then minister of justice the Hon. Mr. Fulton, and I do not know that these regulations have been modified.

Mr. Raymond Langlois (Megantic): Mr. Speaker, I should like to ask a supplementary question, arising from the question asked a moment ago by my hon. friend from Lapointe about Beauchesne's Parliamentary Rules and Forms. Could the Minister of Justice tell the house what progress has been made on that translation?

Mr. Chevrier: Mr. Speaker, I wish to point out that the responsibility for the translation of Beauchesne does not rest with the Department of Justice. However, the Prime Minister has answered that question more than once, and I think it is under consideration.

(Text):

Mr. Speaker: May I point out to hon. members that urgency should be one of the essentials of these questions. Some of the questions which have been asked recently could not properly be termed as very urgent.

OLD AGE SECURITY

PAYMENT OF INCREASED PENSION TO HUSBAND AND WIFE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. There have been newspaper reports to the effect that where a husband and wife are in receipt of old age security pensions, the $10 pension increase will be paid to only one of them. This is causing a great deal of concern, and I wonder whether the minister would clarify the matter and assure the house that the $10 will be paid to both the husband and wife where both are eligible to receive the old age security pension.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, this is of course a matter of government policy. However, if my hon. friend will peruse the resolution which appears on the order paper I think he will find his fears allayed.

HIGHWAYS

BRITISH COLUMBIA—DISCUSSIONS RESPECTING STEWART-CASSIAR ROAD

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to ask a question of the minister of northern affairs, and ask him whether any discussions or negotiations are currently under way with the province of British Columbia regarding the Stewart-Cassiar road and the need for refinancing an extension of the agreement which was reached a few years ago?

Mr. Speaker: Order. This is obviously a question for the order paper.

FORESTRY

REPORT ON MEETING OF NORTH AMERICAN COMMISSION IN OTTAWA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Forestry. In view of the current interest in the work of the North American

forestry commission, particularly on the part of those interested in forestry policies, can the minister give the house any information with respect to the meeting of the commission held in Ottawa last week, and will a published report be available to the hon. members who are interested?

Hon. J. R. Nicholson (Minister of Forestry): Mr. Speaker, I thank my hon. friend for having given me notice of this question. The North American forestry commission was established in 1959, and held one of its regular biannual meetings in Ottawa last week. It was attended by delegations from the United States, Mexico, and the federal government of Canada; and it is most gratifying that nine of the 10 Canadian provinces were represented at this meeting. The director of forestry and forestry products of F.A.O. in Rome and members of his staff were also in attendance.

Topics discussed included forestry protection against fire, insects and disease; forest recreation; forest wild life; technical assistance programs in forestry, and of special interest to Canada, progress on the regional study of wood resource requirements of the United States and Canada.

I think it would be of interest, not only to the hon. member who asked the question but to the house, to note that the director of F.A.O.'s forest and forest products division stated that as a result of a comprehensive study made, the world supply of forest products would need to be doubled every 20 years. There were a number of other subjects discussed. The next meeting will be held in Washington in 1965, but in the meantime committees will continue to discuss problems of mutual interest.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, June 24, consideration of the motion of Hon. Walter L. Gordon, (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should first like to congratulate you on the honour given you in being elected Speaker of the House of Commons, and I also wish to congratulate the Deputy Speaker and the deputy chairman of committees. My remarks today on the budget will be of a general character because of the shortage of time and also because it would take too long to go into detail on each individual item.

The budget is usually regarded as one of the cornerstones marking the direction and purpose of an administration. This budget was awaited with more than ordinary expectation. Everyone tended to believe that the Minister of Finance would reveal that boldness and decision which would justify the slogan "60 days of decision". However, sir, I believe there was never a greater disappointment or sense of betrayal experienced across the country. The mask of arrogance, so well known in the former Liberal administration which was swept from office in 1957, has already become the trademark of this cabinet. Never in my memory has a budget been launched under such a shadow of indiscretion.

Throughout the election campaign the Minister of Finance was the champion of stable government. Hon. gentlemen opposite, including the Prime Minister—I am sorry to see he has left the house—were very concerned about Canada's image abroad. In that connection I would point out, Mr. Speaker, that on June 20 the Montreal *Gazette* carried a story which quotes a partner in one of the leading investment houses in this country as saying:

> We found, on a check of our contacts overseas, that more harm has been done to Canada's reputation by this one budget than by all the actions of the Conservative government that preceded it.

The Minister of Finance (Mr. Gordon) wants to face the facts. The first fact for the Minister of Finance to consider is his failure to appreciate the time honoured tradition that there be no possible breath of suspicion cast so far as budget discretion is concerned. The next fact for the Minister of Finance to consider is that there have spread across this country within the past several days rumours of fortunes made, and not the least of these rumours is the fact that there has been a close community of interest between the firms from which he chose his special assistants and the Liberal party itself. The action taken last—

An hon. Member: You do not believe that.

Mr. Nasserden: I certainly do believe it.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am rising on a point of order. It appears to me that the hon. gentleman is now seeking to revive a debate on an amendment on which a vote of the house was taken last night—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —the first paragraph of which reads—

An hon. Member: Dictating to the house.

Mr. Pickersgill: I am not dictating to the house; I am seeking to exercise the same right of freedom of speech as other hon. members exercise and which I have never sought to challenge in this house.

Mr. Diefenbaker: Freedom of speech in the Smallwood tradition?

Mr. Pickersgill: Mr. Speaker, I am not at all concerned about the insults and innuendos of the Leader of the Opposition (Mr. Diefenbaker). To resume the point of order, the house was asked last night to pass on a motion made by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) which dealt with the secrecy of the budget. The house recorded its view on that, and the hon. gentleman is seeking to revive a debate in the same session on a subject on which the house has made a decision, which I submit is contrary to the rules of the house.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, it is not a question of reviving something that has been decided. Just because a decision was made last night it is not going to operate as a bar, I am sure Your Honour will agree, to the discussion of a matter that is of national importance. As a matter of fact the hon. gentleman is not dealing with the vote; he is denied the right to refer to a vote, but he should not be denied full discussion of this matter for as long as this debate continues, otherwise my hon. friend's adherence to the principles of freedom of speech would be a sham and a delusion.

Hon. Paul Martineau (Pontiac-Temiscamingue): On the same point of order, Mr. Speaker, you ruled during the question period that all these questions, one of which was precisely the question that has just been raised, would be discussed during the budget debate. At that time the Secretary of State by his—I would say grimaces but I think it would be the wrong word—attitude, showed his agreement with that course; seemed to be in full agreement with Your Honour's ruling that these were matters properly for the debate. I submit that by all the traditions of this house this matter is most pertinent to the debate and discussion on it should not be stopped at this time.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, just briefly to help you on that—

Some hon. Members: Oh, oh.

Mr. Bell: Well, it is very important. Section 148 (1) of Beauchesne's says:

—they cannot revive a debate already concluded—

I suggest very seriously that we have not concluded the budget debate.

Mr. Pickersgill: No, Mr. Speaker, but we have concluded the debate on a specific motion made by the hon. member for Digby-Annapolis-Kings which called specifically into question the secrecy of the budget. The house gave an overwhelming verdict last evening on that matter and it is, as Your Honour well knows, contrary to the rules of the house to seek to revive in the same session a debate on a matter on which the house has pronounced its verdict.

Mr. Bell: We have not finished the debate.

Mr. Pickersgill: That is one of the most fundamental rules of this house, as all hon. members know, and I submit that the hon. gentleman is seeking to do precisely what is forbidden by the rules of the house.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, when you come to regard the proposition which has been outlined by the Secretary of State (Mr. Pickersgill) you would have to carry it through and examine each and every paragraph in the amendment. I call to Your Honour's attention the fact that the second paragraph in the amendment says:

That in general his proposals will endanger and curtail the expansion of the economy;

If the ruling which my hon. friend seeks to obtain from Your Honour is accepted then, having in mind the wording of the second paragraph, nobody in continuing this debate could deal with any of the proposals in the budget at all. If you carry on and read each and every paragraph of the amendment Your Honour will see reference to most of the budgetary proposals. Surely it cannot be said that because the house when dividing voted the amendment down, hon. members are now prevented from dealing with the matters which are the subject of this amendment.

Mr. D. V. Pugh (Okanagan Boundary): Further to what the hon. member from Peace River (Mr. Baldwin) has said, Mr. Speaker, I know of no precedent whatsoever which says that once an amendment has been dealt with it stops debate on the whole subject under discussion, which is the budget and all things pertaining to it.

Mr. H. A. Olson (Medicine Hat): Briefly, Mr. Speaker, I think it has been a long established practice in this house that the subject matter discussed in the debate on the budget is wide and far reaching and covers anything having to do with government policy. I think that any attempt to confine hon. members in their discussion in the budget debate would be a new precedent and something which we should resist.

Mr. Pickersgill: I may say, sir, that I do not—

Some hon. Members: Order.

Mr. Pickersgill: —intend in the least to insist. I quite agree with the hon. member

for Peace River (Mr. Baldwin), as to the very general character of the second paragraph of the amendment:

> That in general his proposals will endanger and curtail the expansion of the economy;

—that, though the house did in effect pronounce upon that, it is of such a general character that it would be almost impossible for anyone to determine whether the subsequent debate was on that subject. I suggest, on the other hand, that paragraph 1 was of a very specific and categorical character. I will read it:

> This house regrets that the Minister of Finance by failing to maintain the constitutional practice of the essential secrecy of the budget has seriously weakened public confidence;

An hon. Member: That is true, too.

Mr. Pickersgill: That was the first paragraph. That was a specific charge. The house pronounced upon that, and it seems to me that in respect of that paragraph, because of its very specific nature and because of the rules of the house, it is contrary to the rules to seek to revive debate on that particular matter.

Hon. Gordon Churchill (Winnipeg South Centre): On the point of order, Mr. Speaker, the Secretary of State (Mr. Pickersgill) cannot select something with which he happens to be in disagreement without going on and selecting the other items as well. The third paragraph is also specific and deals with the sales tax on certain building materials, and so on. The whole proposition put before us yesterday and the day before was on an amendment; it was not a main motion. The whole subject matter of the budget is under discussion, and I think during the course of the budget debate the whole subject matter should be available to hon. members if they wish to discuss it. This restriction is a sample of Grit closure that we saw in days gone by.

Some hon. Members: Shame.

Mr. Bert Leboe (Cariboo): Mr. Speaker, I would like to draw the attention of the house to the fact that when these subamendments are made and they have certain things in them, certainly when we vote on the amendment we are voting on a non-confidence motion and we cannot possibly separate these various items unless we vote on them individually. I think that is the reason for our hon. friends to the left abstaining from voting last night, because there was a situation that was almost impossible.

Mr. Churchill: They chickened out.

Mr. Pickersgill: I am not going to ask Your Honour to make a ruling on the matter.

Some hon. Members: Oh, oh.

[Mr. Pickersgill.]

Mr. Pickersgill: It certainly seemed to me that I should do what was done so frequently by the hon. member for Winnipeg South Centre (Mr. Churchill), and more particularly by Mr. Fleming when they were sitting on this side of the house; that is, draw the attention of the house to the rules. I think this is the first time I have done that in the course of debate during this session, and today is June 25 and parliament met on May 16. I do not think that there were ever three days in the sessions when Mr. Fleming was here but that this kind of point of order was raised by hon. gentlemen now on the benches opposite. But there is certainly no desire on the part of the government to restrict debate in any way. If it is the sense of the house that it wishes to debate something that the house has already decided upon, I will not embarrass Your Honour by suggesting that you rule on the matter.

Mr. Diefenbaker: Mr. Speaker, if it had not been for the gratuitous observation of the hon. gentleman I would not have said anything. This is merely another strategic manoeuvre on his part.

Mr. Speaker: I think I have heard enough for the moment. As is usual in these questions a lot is to be said for both sides. I am told that a good Speaker should be blind in one eye and deaf in one ear. Therefore it seems to me that the usual modicum of discretion should apply and I shall allow the hon. member to continue.

Mr. Nasserden: Mr. Speaker, my first observation would be that it has taken approximately 20 minutes of my time to resolve the point of order raised by the Secretary of State (Mr. Pickersgill). I had not intended to say anything about the business of the house, but his intervention leads me along that way and this might be as good a time as any to say something in that regard. He has failed to expedite the business of this House of Commons satisfactorily and has sought to cover up this failure by the type of tactics he has employed today. The committee structure of the House of Commons is at a standstill in this session, despite the fact we have been in session for some weeks now. The greatest sham ever visited upon this parliament was the setting up of a defence committee, a committee which was set up to silence members of the government party and the sort of questions they were asking in regard to defence matters. Their chagrin was so great on that question that not one single backbencher on the government side spoke on the subject. I think it is fair to say that there was a sullen silence,

particularly from the hon. members from Quebec, when that action was taken in this house.

If I can get down to the budget I should like to say that the action taken last Wednesday was not a responsible one. This was not the type of action one would expect from a minister widely known for his background as an economist, an accountant, and a trader in the investment community of Toronto. There can be only one conclusion: this action was taken without consideration of the consequences in the exchange markets of this country. The reputation of the minister as an expert in bond and stock market activities rules out the conclusion that this was the result of stupidity or ignorance. It is no wonder, sir, that there are many who believe that this was a "pay-off" on a grand scale. The Prime Minister (Mr. Pearson) has not helped to subdue this speculation by his outright refusal to recognize the constitutional practice in these matters. If the Prime Minister were really a man who cared he would institute a parliamentary inquiry into this matter with all haste and allow the facts to be established, so that there may be an end to the many varied speculations which are common gossip from one end of this country to the other. Knowing the Secretary of State, who I see is still in the house, as we all know him, as a self-appointed stickler for constitutional procedure and practice, and knowing his experience and knowledge in this regard, there can be no doubt that the action taken last Wednesday was taken deliberately by this government in outright violation of every precedent with which they were familiar. Unrevealed but compelling circumstances must have dictated that action.

The Minister of Finance wants to face the facts. The first fact is that this is not his budget. This is not even the government's budget. This is certainly not the department's budget. This is an outsider's budget. Members of the government have claimed that it took the best brains in Canada to produce this budget. Well, Mr. Speaker, the best brains in Canada laid an egg, and the minister had the painful duty of swallowing that egg last Wednesday. That action on Wednesday was an admission of failure to grasp the task given to the minister by the Prime Minister. I suggest to you, sir, that the best brains to produce a budget are within the government service, among those who have dedicated their lives to protecting ministers of finance and governments from the mistakes that might endanger confidence in the stability and purpose of government in Canada.

This whole matter, Mr. Speaker, also has the earmarks of the Prime Minister, his familiar touch. There is a certain boldness about it, it lacks the carefulness required in matters of great importance to the Canadian people. Indeed, it has not been too much different from the attitude and carelessness which was displayed by the Prime Minister in his announcements last December on the nuclear question. Canadians today have reason to think back to the budgets brought in by the Hon. Donald Fleming, without a doubt the greatest finance minister this country ever had. He was a minister of capacity and vision. His budgets did more for the construction industry and those employed in it than was appreciated at the time. The period when he was minister of finance was marked by the greatest home building program in the entire history of this country. That record will never be matched by this government. The significant achievements of those budgets were widely recognized throughout the world when last year this nation produced the greatest increase in the gross national product of any of the free nations of the world.

The present government, the present Prime Minister and the present Minister of Finance have talked of getting the economy rolling. Why, sir, they cannot even get their budget rolling without creating the biggest scandal that was ever accorded the introduction of a budget in Canadian history. In that process they have contributed more instability and uncertainty in our exchange markets than was ever before experienced. Because of these misdemeanors, some of which seem to have been voluntary and some to have arisen through ignorance, carelessness or arrogance, there would appear to be only one honourable course open to the Minister of Finance. The minister's resignation would go a long way toward restoring confidence in Canada. The Prime Minister has already admitted that this has been the subject of cabinet discussion. There is another course. The Prime Minister might take this budget to the people of Canada and call a general election on this issue. I respectfully submit to you, sir, that the Prime Minister has rejected that course because he is aware that this is hardly an issue upon which he can appeal successfully.

The Minister of Finance wants to face the facts. Well, here are the facts. I have a clipping from that respected and authoritative newspaper the Manitoba *Co-Operator* which deals with farm income. The clipping indicates that cash incomes to Canadian farmers from farming operations reached an all time high in 1962, 6.6 per cent more than the previous peak total in 1961, and 13.4 per cent greater than the 1960 estimate. I have another clipping from the Bay street *Journal* which indicates that record breaking incomes have

put the farmers in clover. It indicates that total farm net income rose nearly 50 per cent in 1962. Almost every province in Canada showed an increase in their incomes last year from agricultural operations. Another clipping from the Bay street *Journal* shows that the gross national product reached a six-year peak, and that according to the dominion bureau of statistics Canada had record producton in 1962, which despite a weak fourth quarter climbed 8 per cent to a peak of $40.4 billion. That compared with an increase of 1.6 per cent in 1954.

Here we have one from the Manitoba *Co-Operator*. The heading is: "Demand for Oats Continues Strong" and the text begins:

Export demand for Canadian oats continues strong compared with previous years—

Next I have a cartoon from the Saskatoon *Star-Phoenix* under the heading: "Farm Income Highest in Canadian History". Here is an article which appeared in the Ottawa *Journal* containing the statement:

President Kennedy estimated today that Canada achieved the best record of price stability among all major industrial countries.

These are the facts, even though hon. gentlemen opposite do not like them. They indicate that the economy of Canada was not only rolling but was actually booming when the present government assumed office last April. I am not apologetic that it took almost four years to get the economy rolling after 22 years of Liberal administration. However, I am concerned when I see a deterioration setting in so soon after their return to power. Look at this headline in the Saskatoon *Star-Phoenix* of June 14: "Can't Stop Grain Sales Drop—Sharp". That statement is attributed to the Minister of Trade and Commerce (Mr. Sharp). I say to you, sir, and to the Prime Minister that this statement will cost us sales of grain. I say it will have an adverse effect on the price we get for our grain abroad. The Minister of Trade and Commerce has learned nothing from the past when he was so closely associated with a former minister of trade and commerce, the late Mr. C. D. Howe, who is reported to have said; "If they want our grain, let them come and get it". I say to the Prime Minister and to this faceless, careless government that the buoyant position of agriculture during the past few years contributed greatly to the achievement by Canada of the largest increase in the gross national product last year of any of the free nations of the world.

The national program pursued by my leader and encouraged by the Hon. Donald Fleming as minister of finance rescued Canada from the doldrums resulting from Liberal apathy. That national program brought increasing prosperity to Canadians in almost every community of this nation. Despite this buoyant economy, however, the opposition of those days spread the poison that is fear, particularly in our urban areas. That fear complex still haunts the Liberal party. I say to you, sir, and to the Prime Minister, that a Minister of Trade and Commerce who is caught up with pessimism and fear is a luxury Canada cannot afford.

Mr. Pickersgill: I wonder if the hon. member would permit me to ask him a question.

An hon. Member: The hon. gentleman from Bonavista-Twillingate is not speaking from his seat.

Mr. Deputy Speaker: Order. I would like to remind the minister that he ought to address the Chair from his place.

Mr. Pugh: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: What is the point of order?

Mr. Pugh: My point of order is this—that the minister, knowing the rules of this house full well, has interrupted the course of the debate and done so most wilfully, and that he should not do it.

Mr. Pickersgill: I am now in my own place. The hon. gentleman was good enough to give me permission to ask a question.

Mr. Nasserden: I certainly did not give that permission.

Mr. Pickersgill: Well, the hon. gentleman has denied me the right to speak.

Mr. Deputy Speaker: The hon. member has the floor and should not be interrupted.

Mr. Nasserden: This government says it wants two ministers of agriculture. This government did not even mention agriculture in the budget. This is what we have come to expect from the present Prime Minister. It is a strange course, considering the pledges which were made during the last campaign. The Prime Minister is a most promising campaigner. I remember him speaking in the maritimes. He promised, there, that if elected his party would do for the maritimes what the present Leader of the Opposition (Mr. Diefenbaker) had done for the prairies. When he arrived in western Canada he suggested that if elected he would do for the west what the Leader of the Opposition, as prime minister, had done for the maritimes. He indicated that one of the first acts of a new Liberal government would be to provide $3.00 per bushel for the first 300 bushels delivered by an individual farmer. This was to take the place of the acreage payment.

When I questioned the Prime Minister the other day about his plans in this regard, he was quick to point out that I had not been enthusiastic about that proposal. I can tell you, Mr. Speaker, that I have not changed my mind. Furthermore, the failure of this government either to fulfil this pledge or else to honour the commitment we have made is a slap in the face to the grain growers of western Canada.

I should like to remind backbenchers opposite who support the government that their leader made another pledge—a guarantee of $2 per bushel for every bushel delivered to country elevators. I need not say that these were substantial commitments. But this faceless, careless budget has failed to take into account the promises solemnly made by the Prime Minister in western Canada. I ask you, Mr. Speaker: does this look like the action of a Prime Minister who cares?

One of the main objectives of our leader when he was prime minister was to seek an equality of opportunity for all parts of this nation. The maritimes, the prairies and the north were not forgotten in those plans. Central Canada was remembered. We had publicly stated, in all parts of the nation, that attention and effort would have to be directed toward certain problems in the rural areas of central and eastern Canada, with particular reference to the province of Quebec. Our term of office was temporarily interrupted, however, and this budget indicates to me that a tremendous task awaits the next government of this country. Certainly, the present budget does not begin to touch those problems.

I warn the Prime Minister, a budget adding to the burdens of the ordinary people of this country still without homes is hardly what was expected from a Prime Minister who cares. The 11 per cent sales tax is a challenge to the people of this nation. It sets the course to be taken by this administration—a course diametrically opposite that of the government led by my hon. friend from Prince Albert. Throughout the last six years, various building materials were given exemption from sales tax. The home building program of that period was the most successful in Canadian history. More than 750,000 families were able to secure homes under this massive program. That program achieved a level of employment which would not otherwise have been possible. There is still a great need for housing in Canada. I ask the Prime Minister why these people should be asked to make up the tax reductions granted industry in this budget. Is this the way the right hon. gentleman shows he is a Prime Minister who cares?

The Minister of Finance has had more than a thousand telegrams protesting this proposal alone. Most of these are from builders, suppliers and contractors. These people recognize the dangers of this proposal. I respectfully suggest to the Prime Minister that if a proposal obnoxious to the stock exchanges can be withdrawn, then, surely, a proposal aimed at raiding the pocketbooks of the average Canadian would-be home owner can also be withdrawn. I warn the Prime Minister he is gambling with the employment opportunities of thousands of Canadians by pursuing this measure. I know we are living in a changing world. I never thought the Prime Minister would change so quickly. I believed he really cared. It is a bitter disappointment, to see this faceless, careless government take as one of its first acts the imposition of this 11 per cent tax which will add to the cost of housing, one of the greatest needs in this country.

I regret this budget has not provided the attention necessary to properly promoting the sales of Canadian products. This government does not seem to be aware of the fact that our greatest problem is markets. Our industries are not looking for more competitors for the limited markets that we now have. They are looking for policies, they are looking for measures that will improve their competitive position in world markets as well as those at home. That is the only answer that can keep our present industrial plant rolling. That is the only answer that will provide additional employment opportunities for Canadians. This faceless, careless budget has forgotten that aspect of our problem altogether.

As I read the budget, it is one of the most faceless, careless documents I have ever examined. If adopted and put into effect it will allow a certain degree of financial juggling that could be expected from stock market experts. In other respects it is a barren shell ignoring the dominant features of our economy most likely to improve employment opportunities and productivity in Canada.

The whole tenor of thinking behind the tax incentives offered to business will have the effect of promoting the wholesale destruction of small business in this country. The powerful corporations, well established and with healthy reserves and extensive credit, will have a definite advantage over the small businessman trying to become established. I cannot find a single safeguard in the budget against these dangers.

Mr. Deputy Speaker: Order. I regret very much that I have to interrupt the hon. member to advise him that his time has expired.

Mr. Nasserden: With all due respect, Mr. Speaker, there were a number of uncalled for interruptions and I believe I should be allowed to continue.

Mr. Deputy Speaker: I think I should bring to the attention of the hon. gentleman that I have made allowance for that. Actually his time expired quite a few minutes ago and I turned a blind eye to the clock. If there is unanimous consent—

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Deputy Speaker: I have allowed five minutes.

Mr. Nasserden: Mr. Speaker, I protest your ruling because far more than five minutes were taken by the interruptions of the hon. member over there on a point of order.

Mr. Deputy Speaker: I must bring to the attention of the hon. member that there is no provision in the rules for the extension of time in the case of interruptions. The only thing the Chair can do is bring it to the attention of the hon. member that his time has expired. If after that it is the unanimous desire and wish of the house that the hon. member should be allowed to continue his speech, then he has the right to do so but, as I said, there is nothing in the rules that allows the Speaker to permit an hon. member to continue his speech beyond the time allotted by the rules.

Mr. Nasserden: Mr. Speaker, I would point out that these were not ordinary interruptions. These were points of order that were not in order.

Mr. Deputy Speaker: The hon. member for Outremont-St. Jean.

(Translation):

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, when taking part in this discussion after several members on this side of the house, I want first of all to pay a tribute to the Minister of Finance (Mr. Gordon) and tell him, once again, on behalf of my fellow members, all the trust we place in him. Although he entered the field of active politics only recently, very few Canadians can boast of having served the government of the country so efficiently and devotedly as he has done since the second world war.

I have known the Minister of Finance for several years. He has always been a staunch defender of Canada's interests and of all noble causes. I know all the personal sacrifices he is now making to serve his country further. Very few of us would accept to do as much.

[Mr. Deputy Speaker.]

That is why, when I see small-time politicians, men who claim to be the wardens of honour and integrity, launch such unfair and insincere attacks against the good name of the Minister of Finance, I am reminded of the ugliness of Duplessism, of which several of our hon. friends opposite are not exempt—

Hon. Leon Balcer (Three Rivers): Mr. Speaker, on a point of order. I know that my hon. friend is now making his maiden speech, but I think he is starting on the wrong foot, because he begins by telling the hon. members that they are not acting in all sincerity. Well, I want to tell him that the members of the opposition are Canadians quite as sincere as he may be himself, and that he has no right to attribute intentions to whomever it may be.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the hon. member for Three Rivers is obviously not familiar with the rules.

I should like to remind him that the hon. minister did not say a word about anybody, and he did not mention any member's name. Therefore, he had every right to act as he did and say what he said.

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, it is exactly because the Liberals' way never to say a thing but to make innuendos on everything and try to create doubt that we have raised our point of order.

Mr. Georges Valade (St. Mary): Mr. Speaker, on a point of order. When the hon. member for Outremont-St. Jean (Mr. Lamontagne) mentioned the sincerity of hon. members, was he particularly thinking about Liberal members?

Mr. Deputy Speaker: Order. That is no point of order. It would rather be in the nature of a question and I would suggest that the minister be allowed to continue his remarks without further interruptions.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I believe that this point of order should rather be called a point of privilege, because the hon. member for Outremont-St. Jean attacked hon. members by casting doubts on their reputation. I know that he has previously expressed doubts about provincial autonomy, but I would not like him to do the same for members of the opposition.

Mr. Deputy Speaker: I do not agree that the good name of hon. members on either side of the house has been attacked by those remarks—

Mr. Pigeon: It is when he mentioned—

Mr. Deputy Speaker: Order.

Mr. Pigeon: —that there were some Duplessis men—

Mr. Deputy Speaker: Order. I consider that there is no point of order and I would ask the minister to proceed.

Mr. Lamontagne: Thank you, Mr. Speaker.

As far as we, members of the government, are concerned, we think that this is no time for witch hunting for unimportant matters and for empty discussions. The Canadian people are facing serious difficulties—

Mr. Grafftey: True.

Mr. Martineau: The 11 per cent tax on building materials is one of them.

Mr. Lamontagne: Be patient.

From all of us in this house, the Canadian people expect action, solutions—

Mr. Gregoire: That is true.

Mr. Lamontagne: —and not a students' game in a mock parliament.

As for us, members of the government, we did not pledge, during the election campaign, to settle all the problems the very next day after the election. It is not the present Prime Minister (Mr. Pearson) who stated: as long as I am prime minister, no one shall suffer from unemployment.

We have proposed, however, a general political program which the Canadian people found to be better than that of all other parties. In addition, we promised to make a certain number of immediate decisions which would tend to restore our prestige abroad, get the Canadian economy moving again and rebuild this country's unity.

In the 60 days just passed, the decisions that were promised have been made. The visits made by the Prime Minister to England and the United States, as well as the active part played by the Minister of Trade and Commerce at the GATT meeting enabled our country to renew its main international contacts.

In the economic field our program includes short and long term measures to keep our economy going and to deal successfully with unemployment. The monetary development policy, the lower interest rates and the tax incentives announced by the Minister of Finance will benefit all sectors of the economy.

The measures proposed by the Minister of National Revenue represent a new effort to improve our housing policy. The program set forth by the Minister of Labour will reduce technological and seasonal unemployment and considerably improve our vocational training system throughout the country.

The new 12 mile limit will be of great advantage to our Canadian fishermen.

But it is perhaps from the new agencies proposed by the government that more long-term results should especially be expected. I refer to the economic council, the department of industry with its area development agency, the Atlantic development board, with its $100 million fund, the municipal development and loan board, the development corporation and the appointment of two ministers who will be in a better position than ever to deal with the quite different problems of western and eastern agriculture. In this way, the government wishes to introduce economic planning in our country, a planning which would not only point to the objects to be attained and the means required to achieve them, but which would also promote and foster development through proper credit, financing and grant policies. Such a planning is urgently required. The government is ready to introduce it as soon as parliament gives its agreement.

Those are the main items—

Mr. Balcer: Would my hon. friend allow a question?

Some hon. Members: No, no.

Mr. Balcer: Would my hon. friend allow a question?

Mr. Lamontagne: When I am finished.

Those are the main items—I am not afraid of my hon. friend's question—

Mr. Pigeon: I rise on a point of order, Mr. Speaker—

Mr. Lamontagne: Mr. Speaker, those are the main items of the 60 day economic program—

Mr. Pigeon: Mr. Speaker, I rise on a point of order—

Some hon. Members: He is raising a point of order.

Mr. Pigeon: I do not wish to prevent the hon. member from going on with his speech, but we can hardly hear him. I think that the minister is reading a little too fast.

Mr. Speaker: There is obviously no point of order.

Mr. Lamontagne: Mr. Speaker, I prepared some notes and I hope that my hon. friend will do the same in the future and try to think before speaking.

Those are the main items of the 60 day economic program.

We are not suggesting that it is perfect, but merely that it is a good beginning. We do not claim that we will not make any mistakes, but we are willing to admit and correct them. In short, we have kept our promises to the Canadian people and we are proud of our record.

Mr. Speaker, I would now like to say a word about the issue of this country's unity, which should be considered as much, if not more, than unemployment or economic depression. The disintegration which has taken place in the last few years in that respect endangers the very life of this country. It was not until the speech made in this house by the present Prime Minister, on December 17 last, that this crucial problem was called to the attention of the whole Canadian people. Since then, an ever-increasing number of Canadians are getting convinced that the time for fundamental choices has come.

In the province of Quebec, there is talk of separatism, of convening the states general, of setting up a federation of almost independent states. As a matter of fact, Mr. Speaker, it is not the separatists themselves who are a menace at this time, but those whom I shall call the crypto-separatists. Back in 1911 Laurier warned us, indeed, against those people when he said:

> People in the province of Quebec know that there are those who say that this country's business may be settled according to the aspirations of one province; but I tell you that those who dare to maintain such a proposition are nothing but demagogues.

Today's demagogues, Mr. Speaker, like the leader of the Union Nationale and his followers, have become the fellow travellers of separatism. In order to make the headlines and attain popularity, they go one better than the other fellow and set forth proposals which they know cannot be accepted within our federation, without having the courage to tell French speaking Canadians what will happen to them when those proposals are refused.

And it is precisely that masked and hypocritical form of separatism which might lead French Canadians unwittingly to collective suicide. The separatists are not the ones to be feared but those sorcerers' apprentices of separatism, because in using this movement as an instrument of blackmail, they will provoke a flood which they will soon be unable to control.

[Mr. Pigeon.]

Besides the demagogues denounced by Laurier, there are, among English speaking Canadians people who maintain with stubbornness and false pride, that the business of the country can be settled without taking into account the province of Quebec and the indefeasible rights of French Canadians. Without knowing it perhaps, these people are separatists in their own way. Certainly they are fanatics who have not yet understood the real nature of their country.

From the viewpoint of national unity and Canada's future—

Mr. Valade: Mr. Speaker, I rise on a point of order—

Mr. Lamontagne: —they are as dangerous as reactionary capitalists—

Mr. Valade: Mr. Speaker, I rose on a point of order. We are now discussing the budget and not the address in reply to the speech from the throne. But the minister is now arguing on separatism and bilingualism. In my opinion, that does not come within the limits allowed for the debate on the budget.

Mr. Deputy Speaker: The hon. member will admit that up to now the Chair has granted quite a leeway to the members who have taken part in the debate. I do not believe that the minister who has the floor now is getting farther afield on the budget which is now before us, than the other members who spoke before him.

Mr. Lamontagne: Thank you, Mr. Speaker. As I said, on the matter of unity and future for Canada, those English speaking Canadians are just as dangerous as the reactionary capitalists who would be ready to put in jeopardy our economic system rather than go half way in recognizing the right of others.

Personally, as a French Canadian I cannot accept either of those extremes. I would be devoid of any pride if I were to accept the one-way attitude of some English speaking Canadians who behave as if they belonged to a superior race but who fail to cover up their pitiful culture. Besides, for the sake of the most materialistic, and idealistic interests of the French Canadians, I cannot accept separatism even as a piece of bluff, for fear that it may precisely turn against those whom it is supposed to help.

It is on the economic level that separatism would have the most immediate disastrous consequences. It would surely reduce the inflow of foreign capital and would make it more difficult to have access to foreign markets. Those investments and markets are, as we know, absolutely essential not only to ensure the future development of the Quebec economy but also to keep it as it is now. The immediate result of separatism would thus be to reduce substantially the relatively high standard of living to which French Canadians have become accustomed, who surely cannot be compared, in that respect, to economically underdeveloped nations.

The people of French Canada, egged on by irresponsible leaders, might all the same one day accept separatism but they would surely not accept willingly the lower standard of living that would result from it. That sacrifice will have to be imposed on them at the political level. That is why one can conclude that separatism would almost inevitably lead to either a right wing or a left wing dictatorship.

At the cultural level, with our modern means of communications, separatism or more precisely isolation, is impossible. The voice of America would still be heard in Quebec even after separatism. Cultural penetration would continue at a time when the internal sources of culture would be depleted because of economic stagnation and political dictature and would be fatal. Internal differences would inevitably arise and annexation to the United States would soon appear to many as a sort of liberation.

In my opinion, this almost apocalyptic view is not exaggerated. As I see it, economic stagnation, political dictature, cultural depression and annexation to the United States seem the logical results of separatism. This is why French Canadians cannot seriously and quietly consider it as an alternative or even a basis for negotiation; it is at best a solution of despair, a kind of collective suicide.

This is why I believe it is my duty to warn those who play the game of separatism at present, that they may unknowingly be assuming grave responsibilities for those they pretend to be defending. The game is too portentous to inspire bravado at press conferences. It is probably easier and it may even seem more courageous at times to arouse the frustrated feelings of a group rather than to use the language of reason in its best interest. But the sorcerers' apprentices of separatism should also have the courage to tell French Canadians that the road on which they are trying to lead them is bound to end up in a blind alley.

The consequences of separatism are unacceptable not only to French Canadians but to all Canadians. On the other hand, coexistence in isolation is no longer acceptable, because French Canadians are left in a permanent condition of inferiority. So, finally, it should be recognized by all of us that a divorce is impossible and that there is only one truly possible solution—a renovation of confederation and, above all, the spirit of confederation.

Confederation was once correctly described as a marriage of reason. It should be added that this is its weakness as well as its strength. Its weakness lies in the fact that it does not foster love. Its strength lies in the fact that it is essential to us because of our economic interests, our need for democracy and freedom and the demands of our cultural survival and development. We, French Canadians particularly, should always remember that confederation in our case remains a beneficient challenge and a factor of unity among ourselves.

But because of its nature, to preserve that marriage, we must use reason, we must negotiate with dignity and pride, without blackmail or stubbornness, being fully conscious that important changes must be made to confederation, but that they cannot be carried out instantly.

The position of this federal government is very clear. We are proposing to all Canadians of good will a new alliance; a confederation that will really be developed in accordance with the principle of equality between the two founding nations, while taking into consideration, of course, the contributions of other cultural groups of more recent origin. All Canadians, either individually or through their representatives, will soon have an opportunity to state their view on that objective and to express their opinion on that serious matter before the royal commission on bilingualism and biculturalism. Somehow, this will be a referendum on the future of our country. I certainly hope that the great majority of Canadians of all walks of life will declare themselves in favour of the proposed general objective, and then it will be possible for the governments, federal as well as provincial, to carry it out in their respective fields.

As far as the federal administration is concerned, as I said before, we do not want to wait for the commission's recommendations, before taking action. We want to achieve as soon as possible perfect equality for the two official languages, not only with regard to verbal or written communications with the public, but within every department.

To that end, various projects are now being considered such as a review of the recruiting and examination system, special courses within the various departments, a premium for bilingualism, the creation of a bilingual institute of public administration, where all university graduates might spend some time before taking up their posts in the federal service.

We shall start with that over-all program next September. From now on, we want all civil servants truly to understand the bilingual and fundamentally bicultural character of Canada. More particularly, we want French Canadians to be able to serve their country in their own language and not to have to forget it when going to work. We also want that transformation to go beyond the civil service; but, to that end, we will need the close co-operation of the provincial governments and of our private cultural institutions. That is why we have to wait for the results and recommendations of the inquiry commission before extending it to other fields.

Another aspect of the present crisis is to be found at the very level of our political structure, our federalism and our federal-provincial relations. We have come to a point where we have to make a fundamental review of our political system. That is not to be wondered at or be afraid of, because federalism is in constant need of reshaping as the role of the government changes and its responsibilities increase. The federal government feels that the time has come to make that review and it is prepared to do it in close co-operation with the provinces. Indeed, it is in that spirit that was established recently a special cabinet committee on federal-provincial relations, which I am privileged to chair.

The Prime Minister announced recently his intention to call a federal-provincial conference next fall. In my opinion this should be but a preliminary meeting aimed, without eliminating the necessity of temporary reviews, at determining the scope of the collective review of our federative regime. Such a conference should be followed by careful studies of current problems and possible choices; it should also be followed by several other ministerial conferences if we really want to try and rebuild confederation according to the ideals and needs of the Canadian people in our time and of the generations to come. In a word, we must become, as it were, the fathers of a renewed confederation.

We have a little over three years to prepare for the 1967 centenary. In my opinion there is no better way to prepare for such celebration than to collectively wake up our minds about our present identity, and about what we want to become in the future and to collectively take decisions which will be inspired by our consideration of those matters. In such a context, the royal commission on bilingualism and biculturalism and the ministerial meetings more particularly concerned with our political system will be vitally important.

The task which rests with us during the forthcoming years has a truly historic significance. If we fail, it may be our last opportunity; if we succeed—and I am convinced that we can with good will and foresight—we shall have given a new chance to Canada and to Canadians.

Mr. Pigeon: Mr. Speaker, may I direct a question to the minister? Does not the minister consider that the best way to destroy the separatist movement would be to give back to the provinces, for instance, their taxation power which the Liberals stole from them when they were in office, because of the war?

Mr. Lamontagne: Mr. Speaker, the best way to check separatism would be to do exactly what the Conservative government refused to do for six years.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, may I congratulate the hon. member who just took his seat on the occasion of his maiden speech in this house. I sincerely congratulate him for his effort and for the convinced, if not convincing, way he delivered it.

I am quite sure the minister will not be vexed when I say I do not completely agree with the opinions he just put forward. Also, even if this was the minister's maiden speech, I do not think it would be unnecessary to point out that he roamed quite far afield from the subject matter. As a matter of fact, he was completely irrelevant, especially if you consider the interjection made a few minutes earlier by the Secretary of State

(Mr. Pickersgill) who precisely wanted to bar from discussion a very relevant point, that is the very extraordinary circumstances surrounding the preparation of the budget, the way the Minister of Finance delivered his budget speech, without overlooking the advisers he called on.

As we just noticed the minister still trusts the Minister of Finance. Now, I may say that we, on this side of the house, have lost all confidence in the Minister of Finance and that the whole nation have lost the confidence they might have had before last June 13.

For a moment, I was under the impression that the minister had discarded his centralist tendencies which he expressed so well in the past and which I venture to recall to him at this time. For instance, in his book about Canadian federalism, on page 285, we are told what was his object concerning joint programs, a point which is germane to our debate. It seems obvious, indeed, that the present administration, under the leadership of men like the Prime Minister (Mr. Pearson), the Minister of Finance, and the Secretary of State (Mr. Pickersgill), is following the way mapped out by Harris and Abbott, and is leading us to a centralization which unhinged the Canadian confederation. I quote:

> But Quebec does not reap the full benefits from its contribution. Its own decision has deprived it of the profits it might have derived from the expenditure program of the federal government. When the latter engages in direct spending, or when it deals out social security benefits, the people of Quebec get their fair share. But things are different in regard to the financial contribution of the central government in regard to programs **carried out with the co-operation or the authorization** of the provincial governments.
>
> Let us mention, particularly, the financial aid provided by the federal government for universities, for forest protection and conservation, for the building of the trans-Canada highway, for housing and for certain agricultural enterprises. Let us add the loss brought about by the non-participation to fiscal agreements. It is difficult to figure the exact amounts per year that the province of Quebec would get from the federal government by taking part in those joint programs, but they undoubtedly make up a total of tens of millions of dollars. In short, that important loss has to be supported by the people of the province of Quebec. They either do not get the services which would be needed to increase their welfare or they get them by paying additional taxes. In both cases there is a lowering of the standard of living.

And the minister concludes this intriguing book with the following words:

> A rational integration with the new Canadian federalism is a must.

A little further, he had this to say:

> We should never forget that a certain degree of political unity is sometimes necessary to maintain and preserve cultural diversity.

And he is the one who defended so earnestly the case for confederation a few minutes ago.

But what does he think of the major infringement with respect to confederation of which his government is guilty by presenting this budget to the house and by proposing the economic measures he mentioned a moment ago?

(Text):

Mr. Deputy Speaker: Order. It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills, public bills.

PRIVATE BILLS

CANADA PERMANENT TORONTO GENERAL TRUST COMPANY

Mr. Ian Grant Wahn (St. Paul's) moved the second reading of Bill No. S-14, respecting Canada Permanent Toronto General Trust Company.

He said: Mr. Speaker, the sole purpose of this bill is to change the name of the company, both the English and French names. The present English name of the company, Canada Permanent Toronto General Trust Company, and in French Compagnie de Fiducie Canada Permanent Toronto General, was adopted at the time of the amalgamation on December 1, 1961 of Canada Permanent Trust Company and Toronto General Trusts Corporation. At the time of the amalgamation it was recognized that both the English and French names were cumbersome and that it would be desirable to shorten them at an early date. As a result of extensive advertising and publicity since that time the fact of this amalgamation has become generally known, and it is now felt that shorter names should be adopted. Accordingly the purpose of the bill is to shorten the names of the company, in English to Canada Permanent Trust Company, and in French to La Canada Permanent, Compagnie de Fiducie.

Perhaps I should mention that the company is definitely a Canadian company both as to shareholdings and as to directors. It is a subsidiary of Canada Permanent Mortgage Corporation and I am informed that 94 per cent of the outstanding stock of that mortgage corporation is owned inside Canada.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I heard the explanation given by the hon. member for St. Paul's (Mr. Wahn). In fact, this bill is simple, its purpose

is to change the name of the company in order to shorten it and even to give it a French name. In my opinion it is a requirement for trust companies, as well as for all other companies, since we are becoming a more and more bilingual country.

But I come immediately to the reasons which prompt me to absolutely oppose this new name. I can see that the company is to be called: "La Canada Permanent, compagnie de fiducie." Well, Mr. Speaker, this name will never be a French name—"La Canada Permanent". If Canada has become feminine then I do not understand anything about French grammar. It has always been masculine, le Canada, our Canada. Furthermore, if Canada is feminine I do not see why the adjective should be masculine, *permanent*, and not feminine, *permanente*. It is easy to see, Mr. Speaker, that they are trying with this bill to make us gulp something down in translating the name of the company in terms or words which are not French at all or which are in a very poor French. I should like to take this opportunity, while this bill is before us, to inform other companies which would like to have their name changed or translated to place before us a French name.

Mr. Speaker, usually there is a committee which is called the banking and commerce committee where these bills are sent before being referred to us to be passed. If this committee on banking and commerce had been established earlier, then we would have been able, when considering the matter in committee, to suggest another name, to find a better French name for that company and we would have been happy to oblige them.

Therefore, today, they are obliged, here in the House of Commons, to ask for a better French name.

Mr. Speaker, I think that is important because, after all, if bilingualism is to become a fact throughout our country—and I see here several members of the house who would not hestitate to agree with me—we must not, at the beginning, distort the French language to make up a name by using terms which are not French, which is what has been done in this case.

Yesterday, I attended in my riding of Lapointe, one of the most beautiful if not the most beautiful riding in the country, the celebration of the feast of St. John the Baptist, our national holiday.

It was held in Jonquiere and I was accompanied by my excellent friend the member for Chicoutimi (Mr. Côté). Thus we had the opportunity to find out anew how beautiful our language is. And no sooner had such a well-filled day come to an end, after much praising of the beauty of the French language, than the very next day we are called upon to study a bill like this one in which, if I may put it that way, our beautiful language is spoiled, murdered.

When a French Canadian company wants to choose an English name, and it is perfectly normal that a Canadian company should choose a name in both languages, it secures the services of experts in linguistics, it tries to obtain the services of competent people, and chooses a name as appropriate as possible, which does not murder the English language.

I wonder why a company, from Toronto or elsewhere, or even from Montreal, which wants a French name and asks the parliament of Canada to grant it a French name, does not first secure the services of translation experts who will help it find an appropriate name in French.

Only yesterday, during the celebrations I mentioned earlier, I had the opportunity of realizing the tremendous effort made in the province of Quebec to teach French Canadians to speak their own language better. There was a distribution of prizes, of trophies to young students of our high schools, public schools and convents in the Saguenay and Lake St. John district. Those trophies and prizes were handed to them following competitions in the schools to encourage the students to make a better use of their own French language.

I attended the distribution of prizes and trophies which took place on the occasion of our own annual French Canadian festival. Those trophies were given to those who had written the best French essays and to those who were speaking the best French. If something along those lines is done in our schools, I wonder why we should accept in the House of Commons the kind of French that is suggested to us now.

Mr. Speaker, I would ask the hon. member who has introduced this bill to withdraw it of his own accord. Let him withdraw it and we shall readily authorize him, by unanimous consent of the house, to submit it again as soon as possible, when he has sought the advice of experts and found a new French name for that company.

I wonder whether the hon. member who introduced the bill would consent to do that? If so, he will prove his goodwill and, when the bill is again introduced, we will approve it without delay. At this time it is unacceptable to us, particularly on the morrow of the celebration which I attended in my county,

and more particularly after witnessing the respect in which the French language is held there, after having heard people praise its beauty and the way it can be used.

I would therefore, Mr. Speaker, ask the hon. member to withdraw his bill and ask the company this time to submit a truly French designation which can be accepted, because that company will be doing business in the province of Quebec and with French Canadian citizens throughout the country. It should not go under a mongrel name like the one submitted today, but it must have some acceptable designation, which is truly French.

When the company itself accepts to change its name, it will also be much better accepted by the French Canadians. Then the company will benefit therefrom, in view of the good will it will show by accepting a name that will not murder the French language like the suggested name would.

(Text):

Mr. Frank Howard (Skeena): I am, of course, not competent, as is the hon. member for Lapointe (Mr. Gregoire), to go into detail about the sex of this company—perhaps the word "gender" would be more correct. But I do say this: if, as he points out, this is grammatically incorrect in the French language it should be changed. I do not think there is any question about that. The name of the company, even if it is a proper name—and proper names sometimes have the distinction of being able to depart from the usual forms—should be a grammatically correct one in the French as well as in the English language.

It is perhaps unfortunate that this matter was not dealt with in the committee of the Senate which supposedly went into the details of this particular bill, because we should then not be faced with the particular problem we now find before us. I do not think, however, that the best way of dealing with this would be to withdraw the bill at this stage. After this measure has received second reading, if it does receive second reading, it would automatically be referred to the banking and commerce committee of this house where there would be an opportunity to call officials of the company as witnesses and ask them to explain just what they mean by attempting so to designate their company in the French language that it is not in keeping with our desire that it should be grammatically correct. I think that if we followed this course we might be better off, because there will always be an opportunity at a later stage, when this bill, if it does receive second reading, comes back to this house, to review it during the committee stage and on third reading. Then, if it has been reported back unchanged by the banking and commerce committee, we could again propose that the bill be withdrawn, or else it could be defeated.

We in this group have another concern, which we have expressed on a previous occasion not only with respect to this company but with respect to other companies which are in a similar position. This concern is connected with the extension and preservation, where it exists, of Canadian authority and control. The Trust Companies Act now requires that the majority of the board of directors should be Canadian citizens, or British subjects—I think the wording of the act puts it that way. It is our contention that even though this is mainly psychological in its effect, even though there may be Canadians on the board of directors who are nothing more than the puppets of people in other countries who actually control the corporation, there is still a beneficial effect as a result of having Canadians on the boards of directors of these various companies. It is our desire to attempt throughout the course of this session, both here and in the various committees which deal with these private bills, to press at every stage for a declaration, either in the bill or in some other way, that some course of action will be taken to guarantee that this company and other companies like it shall at all times remain under Canadian control and ownership so that we may have some authority over our own economic destiny. We intend to pursue that course of action, as we indicated earlier, with respect to all such bills as come before us because we think it is of great importance that Canada should have some control over her own economy.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I want to say only a word in support of the proposal made by the hon. member for Skeena (Mr. Howard) that the banking and commerce committee should correct this gap which is an insult to the French language.

It is unfortunate that the hon. member for Outremont-St. Jean (Mr. Lamontagne) is not here at the moment. Earlier, he made an impassioned speech on the French language but he should see to it that his colleagues introduce a bill which is correctly translated and duly respects the French language. I think that the government should start to act instead of restricting itself to shallow phrases as has been the case for 60 days and it should ascertain that before a private member's bill is

introduced in the house, it is at least in keeping with the French language or the English language as far as translation is concerned.

I do not want to delay the passing of the bill and I am willing to let it go at that, providing of course that the hon. member who introduced this bill will consult linguists in order to correct the mistake, the insult to the propriety of the French language and also I would ask the hon. member to say—

(Text):

An hon. Member: It is a mistake.

(Translation):

Mr. Pigeon: Do you have any objection?

(Text):

An hon. Member: I say it is a mistake.

(Translation):

Hon. Rene Tremblay (Minister without Portfolio): Mr. Speaker, may I ask the hon. member a question?

Mr. Pigeon: Certainly.

Mr. Tremblay: In the remarks he made on the French language, I think the hon. member used the word "linguistic" instead of "linguist".

Mr. Pigeon: Mr. Speaker, I think the pseudo-minister of agriculture understood perfectly the remarks I made before using a truly French word.

However, I ask the mover of the bill under consideration if he can assure the house, in order to avoid delay in passing the motion for second reading of the bill, that he will ask the assistance of one or two experts, the very competent translators of the Secretary of State, in order to give an adequate and sensible translation.

Mr. Gregoire: Mr. Speaker, may I ask a question? I heard it said a while ago that it was not an insult, but a mistake. Could the hon member tell us if he is ready to correct that mistake?

(Text):

Mr. Deputy Speaker: I must remind the house that if the hon. member for St. Paul's (Mr. Wahn) speaks now he will close the debate.

(Translation):

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, the bill which the hon. member for St. Paul's (Mr. Wahn) submits has a very noble and really worthy purpose, in our opinion, because we think that any firm who wants to have both a French and an English name deserves our consideration.

But in the present case we cannot agree to such a proposal because of the outrageous translation given to the name of the company.

As far as I am concerned, I am neither a philologist nor a grammarian, but in my opinion, the name that this trust company asks for, namely "La Canada Permanent Compagnie de Fiducie" is ill sounding to our French ears. In the circumstances, I think we could perhaps suggest the name of Compagnie de fiducie permanente du Canada. It seems to me it would be in much better French. It could be also "Les fiduciaires permanents du Canada", which would be another excellent name.

Mr. Speaker, the French language is really too rich, too fine and too subtle to give such a name to this company. In my opinion, it would be most ridiculous for this trust company to have such a French name, since it would even prevent people from patronizing it in the province of Quebec; the commercial point of view should not be forgotten, as those who deal in the financial and business fields want to do so with dignity. In addition, you catch more flies with honey than with verjuice.

Under the circumstances, the necessary means should be taken to attract customers by using fine French terms and words, which would certainly make things easier.

Mr. Speaker, in my opinion, not a single person who is in the least familiar with French could accept such a name.

I would like to be gifted as Bossuet or Bourassa to praise the French language, but this is not the proper time to do so.

Anyhow, I wish to point out that, as far as I am concerned, I cannot accept that the French language be slaughtered in that way, as the history of Canada is already too full of slaughters to accept another one which would really be an ungracious gesture towards the beautiful French language.

Mr. Gerard Girouard (Labelle): Mr. Speaker, many observations have been made concerning the bill under discussion. Nevertheless I am convinced that this is not a question of politics or of opposition from anybody.

The hon. member for Lapointe (Mr. Gregoire) has explained to the sponsor of the bill that we could not let a bill of that kind go through, not because it has been brought forward by a member on the government side but merely because it is unacceptable as regards the French language. If the hon. member for St. Paul's (Mr. Wahn) had said outright "I will have it corrected", I think the matter would have been settled.

On the other hand, I find it impossible to accept the proposition of the hon. member for Joliette-l'Assomption-Montcalm (Mr. Pigeon), who said: If he would promise to have it amended, we could give the bill its second reading. There again, I beg to differ. I feel it is our duty and our responsibility, in this the highest assembly in the land, and of representatives of the province of Quebec and of the French language to point out immediately what should be done from a linguistic point of view and try and correct right now—

Mr. Pigeon: May I direct a question to the hon. member for Labelle (Mr. Girouard)?

Mr. Girouard: Certainly.

Mr. Pigeon: What I wanted to say was that if the hon. member who has sponsored this bill would promise us that once the bill is referred to the committee on banking and commerce, its deficiencies regarding translation will be corrected, and the rights of the French language complied with, I would then have no objection whatsoever. It is useless to have a debate on this bill go on and on, if the hon. member for St. Paul's (Mr. Wahn) gives us an affirmative answer.

Mr. Gregoire: Mr. Speaker, I rise on a point of order. We are belabouring endlessly the same theme. A moment ago, you did not allow the sponsor of the bill to let us know his answer. Now, we must either ask for an answer or talk the bill out until six o'clock, which, of course, means killing the bill.

Why not allow the hon. member to give an answer immediately? If we are satisfied, the bill will be passed; otherwise, it will not. It seems to me, Mr. Speaker, that it is quite in order to allow the sponsor of the bill to formulate an answer.

Mr. Speaker: Order. Naturally, if the house unanimously decides to allow the hon. member for St. Paul's to answer questions without closing the debate, I shall be pleased to recognize the hon. member and allow him to answer.

Mr. Gregoire: Agreed.

(Text):

Mr. Wahn: Mr. Speaker, I know that the company is most anxious not only that it should have a French name but that the French name it does assume should be acceptable generally in Canada and particularly in the province of Quebec. I would hope that the bill would be referred to committee as has been suggested at which time officers of the company, who would be in a position to give members the assurances they have quite properly requested, would be present and available to give those assurances.

About all I can properly say, I think, is that I know that they are most anxious that the name should be proper and acceptable to all those who speak French and that there was no intention at all to adopt an incorrect name. In committee the various possibilities could be reviewed and I feel certain that the officers of the company would satisfy hon. members. I do thank them for their comments. I will undertake to bring their comments, which I have noted, to the attention of the officers of the company immediately and can give all hon. members the assurance that responsible officers of the company will be available before the committee to answer their questions. I would hope that a name which would be acceptable to hon. members could be developed in committee.

The main object of the company is, first of all, to have a French name; second, that it should be acceptable to French Canadians and, third, that to the greatest extent possible it should emphasize the key words in the name which are "Canada Permanent". I am sure something can be worked out in committee and I would hope that the course suggested can be followed.

(Translation):

Mr. Girouard: Mr. Speaker, I just heard the reply of the hon. member. In my opinion, he did not state that the name would be changed but merely that it could be changed. However, I should like to inform the hon. member that if he intends to leave the words "Canada Permanent" in the name of the company, it will never do. I would say that the trust company wants to stress its permanent character not that of Canada.

At any rate, if he assures us that the bill will be reviewed and that we will have every opportunity to examine it closely in committee we can allow it to pass. However, if he holds his ground and if the name is not changed to something that is more properly French, the bill will be rejected not tonight but on third reading.

Mr. Lucien Plourde (Quebec West): Before the bill carries, Mr. Speaker, I should like to say that many measures of a similar nature will be introduced in parliament from now until 1967. Consequently, would it not be more practical to prepare a definite bill to

favour bilingualism? A company with an English name could then use a French name alongside the other. Instead of having two different letterheads, there could be only one which would include both the French and the English names.

As for the company's name on its buildings, it could be in both languages since that does not change anything in the legal status of the company as long as both designations are along the same lines and mean the same thing.

Before the centennial of confederation, you will see that all companies which operate only under an English name in the province of Quebec will lose both prestige and business.

Consequently, in view of the assurance which the hon. member has given us, I think we can let the bill pass. However, if the French designation of the company is not improved we will always be able to block the bill on third reading.

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

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

(Text):

QUEBEC FIRE ASSURANCE COMPANY

Mr. Yves Forest (Stanstead) moved the second reading of Bill No. S-8, respecting Quebec Fire Assurance Company.

He said:

(Translation):

Mr. Speaker, since this is the first time I have the pleasure to speak in this house, I shall no doubt be allowed to join in congratulations, even if it is late, to those you have received from all corners of the house.

I congratulate you for the dignified and efficient way in which you preside over the debates of the house. My congratulations are also for the one who now sits on the chair, the Deputy Speaker, who is also chairman of committees.

I congratulate him for being appointed to that high office after being a private member for a short time. My best wishes, too, to the deputy chairman of committees.

Mr. Speaker, the purpose of this bill is rather simple; it is first to change the name of this company. The English name is now The Quebec Fire Assurance Company, and it is requested to change it to Quebec Assurance Company. Now, the French name which was "La Compagnie d'assurance de Québec contre les accidents du feu" is changed to "La Compagnie d'assurance du Québec".

I think that my hon. friends from Lapointe (Mr. Gregoire) and Joliette-L'Assomption-Montcalm (Mr. Pigeon), the experts in the French language, will approve the selection of this name that sounds nice and appreciate the fact that it is shorter, while describing more exactly the operations of the company.

Now, Mr. Speaker, this change of name does not affect the rights and obligations of the company, and results in no problems in the case of procedures against the company.

The second purpose of the bill is to increase the authorized capital stock of the company from $225 million to $900 million, divided into 20,000 shares of equal value, namely $45 each.

That is, in a few words, the purpose of the bill.

Mr. Deputy Speaker: Is the pleasure of the house to adopt the said motion? Carried.

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

(Text):

CONFEDERATION LIFE ASSOCIATION

Mr. Ian Grant Wahn (St. Paul's) moved the second reading of Bill No. S-9, respecting Confederation Life Association.

He said: Mr. Speaker, the sole purpose of this bill is to change the French name of the petitioner. The English name of the petitioner is Confederation Life Association. The existing French name is Association d'assurance sur la vie dite de la Confédération. It is desired to shorten the French name to La Confédération, Compagnie d'Assurance-Vie. It is felt this new name would be shorter and easier to use in the course of the company's undertaking.

I should add that the company is a Canadian company, and has just completed a plan of mutualization. It is fully controlled by its policyholders. I am informed that as of March 31, 1963, the total Canadian participating policies represented 67 per cent of the total outstanding. The company has been very active in the province of Quebec, and of the business in force in Canada over 23 per cent is in the province of Quebec, and over 21 per cent of all policies throughout Canada have been issued in the French language. For this reason particularly, the company desires to have a shorter more useful French name.

I trust the same objections which were raised to the earlier bill do not apply to this bill. If they do, if it is felt that the French name is not acceptable, then I would be happy to give the same assurance as on the earlier bill.

(Translation):

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to direct a question to the mover of this bill.

Is there an administrative connection between the different insurance companies which have asked to change their names? Are the same directors interested in more than one of those companies for which bills were introduced this afternoon?

Mr. Deputy Speaker: I call the attention of the hon. members on what I said a moment ago. The house is not in committee at the present time and if questions are directed to and answered by the mover of this bill, the debate will automatically come to an end. In my opinion, it would be better if hon. members who wish to take part in the debate asked their questions one after the other, thus making their own contribution, and the hon. member for St. Paul's (Mr. Wahn) could answer them later on.

Mr. Valade: Mr. Speaker, I seem to be the only one who will speak on the bill. Perhaps the hon. member could answer my question and thus end the debate.

(Text):

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker—

Mr. Deputy Speaker: Order; I caution the house that by speaking at this time the hon. member for St. Paul's (Mr. Wahn) closes the debate.

Mr. Wahn: In answer to the hon. member's question, I may say that as far as I am aware there is no connection between any of these companies which are changing their names, that is in so far as bills sponsored by me are concerned. I am not aware of any connection between this particular company and any other company which is changing its name.

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

THE GREAT-WEST LIFE ASSURANCE COMPANY

Mrs. Margaret Konantz (Winnipeg South) moved the second reading of Bill No. S-10, respecting The Great-West Life Assurance Company.

She said: Mr. Speaker and hon. members, the purpose of this bill is to add a French version to the name of The Great-West Life Assurance Company. I hope you will forgive my very poor French, but the French name will be La Great-West, Compagnie d'Assurance-vie. The Senate has passed this bill and I hoped that hon. members would agree with their decision. I can assure you that I am very honoured to be asked to guide this bill through the House of Commons. I consider the Great-West Life Company to be one of the most outstanding companies in Winnipeg, the city from which I come.

In 1891 Winnipeg was just a prairie city with a population of 20,000. It was just awakening to the possibilities of being the gateway to the west. It required vision to see beyond the obstacles of those days and appreciate the possibilities which the future held for this part of Canada. Through the initiative and energy of a group of pioneers, the Great-West Life Company was incorporated in that year, 1891. At the end of its first calendar year, the business in force was a little over $2 million. This was definite proof of both its enterprise and its vision.

During the last 72 years the growth of this company has been phenomenal. Today the total business in force is almost $6 billion. This company has shown its financial strength after coping with many critical periods such as a company must face. I think of two world wars, the devastating flu epidemic and the disastrous flood in our city. You will be interested to know that by 1907 this company had offices in every province in Canada. At this time they started to expand into the United States, and today we find they are licensed in 23 states as well as in the District of Columbia.

What about their position in the province of Quebec? The company was established there in 1896, and today has six offices in Montreal, one in Quebec city and four others in the larger cities of the province. There are over 200 agents and employees, and at the end of 1962 the business in force was $600 million. The company has $135 million invested within the province. I saw in one of the statements given to me that in 1961 policyholders and beneficiaries in Quebec received $11,500,000 in direct benefits and payments.

The company has used the French language throughout the province for many, many years. This applies not only to printed matter like reports, correspondence, sales promotion and literature but also to its contracts of insurance and annuities. The company has a separate department at its head office in Winnipeg to prepare this material

in French, but of necessity the only item which does not appear in French is the name of the company.

The Great-West Life Assurance Company is seeking approval of this bill in order to remedy that situation, and in doing so this will give its large French speaking organization and the policyholders the right to use the French version of the corporate name, rather than requiring them to use the English name. I move second reading with a great deal of pride.

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

Some hon. Members: Agreed.

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

THE EVANGELICAL LUTHERAN SYNOD OF WESTERN CANADA

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, through unavoidable circumstances the hon. member for Regina City (Mr. More) is not present at the moment, but if the house will give me consent to move this bill I shall do so, and then when it is referred to the committee the hon. member for Regina City will attend the committee hearings.

Mr. Deputy Speaker: Do I take it that the hon. member has the approval and consent of the hon. member for Regina City to do so?

Mr. Rapp: Yes, Mr. Speaker.

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Rapp (for Mr. More), moved the second reading of Bill S-11, respecting the Evangelical Lutheran Synod of Western Canada.

He said: Mr. Speaker, the purpose of this bill is to have four Lutheran churches united under the name The United Lutheran Church in America. In short this is the purpose of the bill.

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

Some hon. Members: Agreed.

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

THE GOOD NEWS BROADCASTING ASSOCIATION OF CANADA

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, the hon. member for Portage-Neepawa (Mr. Enns) has asked me to move second reading of this bill for him.

[Mrs. Konantz.]

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Fairweather (for Mr. Enns), moved the second reading of Bill S-15, to incorporate The Good News Broadcasting Association of Canada.

He said: Mr. Speaker, the title of the bill so far as I am concerned explains the bill.

Mr. Frank Howard (Skeena): With great respect, Mr. Speaker, I do not think the title of the bill explains the bill at all. In fact it misleads one into thinking the bill is for some other purpose than what it is. I appreciate that the hon. member in whose name it stands is not here and it is being moved by way of substitution. Nevertheless I think this question of the name of the association, namely, The Good News Broadcasting Association of Canada, has within it implications which should be looked at rather carefully when the bill gets to the appropriate standing committee of the house.

The implication that I see in here is that this association is likely to, or might in the future, become involved in the actual act of broadcasting by way of radio or television. I do not think this is at all the purpose behind the bill. I think it is something we should express as a caveat that we give consent to the passage of the bill only on the understanding that the subject matter of the name itself will be gone into most thoroughly in committee, so that the name of the association will be one which properly reflects the purposes and intentions of the bill.

Mr. Fairweather: I am sorry I misinterpreted—

Mr. Deputy Speaker: I must remind the house that if the hon. member speaks now he will close the debate.

Mr. Fairweather: I am sorry I have misinterpreted the mood of the house in my very short explanation. Of course the purpose of the bill is to set up a broadcasting corporation. Section 4 outlines the objectives:

> The objects of the corporation shall be
>
> (a) to promote the dissemination of Christian knowledge and to promote, organize, establish, maintain and carry on, conduct and assist organizations or facilities for the dissemination of Christian knowledge in all its branches—

—and so on.

At the committee stage the various corporate aspects of the bill can be examined more thoroughly. I would not wish to mislead the hon. member for Skeena and I say at once that broadcasting is the primary objective of this corporation.

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

Some hon. Members: Agreed.

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

CHARTERED TRUST COMPANY

Mr. Ian Grant Wahn (St. Paul's) moved the second reading of Bill No. S-17, respecting Chartered Trust Company.

He said: Mr. Speaker, the purpose of this bill is to increase the authorized capital stock of the company to one million shares of the par value of $10 each. At the present time the capital stock consists of 250,000 shares of the par value of $10 each. At this point I should perhaps say that the company is Canadian owned. It has no American shareholders and no American deposits.

The services performed by trust companies, and their value to the community, are well known to all hon. members. In recent years the services performed by trust companies have expanded rapidly. Under the Trust Companies Act the amount of issued capital is one of the factors which determines the rapidity with which the business of a trust company can expand. All the presently authorized shares of the company have now been issued. To provide for future expansion and to permit the company to widen the services performed by it, it is felt essential to increase the authorized capital so that shares will be available to issue as they are required by the expansion of the company's business. While the increase in authorized capital requested is large, the shares will actually be issued only as required. The very rapid expansion of the company's business in recent years justifies the amount of increase. By way of illustration I might mention that in the last 15 years the company has issued shares having a total par value of $1,500,000. Of this total amount, shares having a par value of $660,000 have been issued since the beginning of 1961. Because of the rapid expansion of the company's business it is felt that the increase in authorized capital requested is reasonable and will commend itself to the house.

Mr. H. W. Herridge (Kootenay West): Just before the bill goes through, Mr. Speaker, I must say first of all that we appreciate the magnificent effort on the part of the sponsor on this occasion to inform the house as to the purpose of the bill. However, I would like to ask the hon. member three questions. Could he tell us the length of time this company has been incorporated, give us the names of its officers, and tell us the area of Canada it has largely served to date?

Mr. Deputy Speaker: Order. Again I must remind the house that if the hon. member speaks now he will close the debate.

Mr. Wahn: Mr. Speaker, I believe I can give the house the information which has been requested. The company was incorporated in 1905. With regard to the area in which it carries on its operations, I am under the impression that it carries on operations substantially throughout the country, although I cannot assure the hon. member at this point that this is true and that it carries on business in every province. However, it carries on its operations substantially throughout the country; it is a national organization. With regard to the names of the officers and directors of the company, the president is Mr. H. E. Langford of Toronto and the secretary is Mr. H. G. Soward; the chairman is Mr. Corson; the vice presidents are Mr. Greenshields and Mr. Macintosh; the directors are Mr. Aird, Mr. Bennett, Mr. Blair, Mr. Bradfield, Mr. Burns, Mr. Corbet, Mr. Ellsworth and Mr. Gélinas, who is also a member of the Montreal advisory board. Mr. Hayes, Mr. Holmes, Mr. Jackman, Mr. Jones, Mr. Loughney, Mr. Metcalfe, Mr. McLean, Mr. Robinette, Mr. Rogers, Mr. Scythes, Mr. Shannon, Mr. Smith, and Mr. Umphrey. These are the main officers and directors of the corporation.

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

BAPTIST CONVENTION OF ONTARIO AND QUEBEC

Mr. Ian Grant Wahn (St. Paul's) moved the second reading of Bill No. S-18, to incorporate Baptist Convention of Ontario and Quebec.

He said: Mr. Speaker, the purpose of this bill is to create a single corporate body to be known as the Baptist Convention of Ontario and Quebec in which will be merged the existing religious body known as the Baptist Convention of Ontario and Quebec and the eight boards through which the work of the convention has been carried out in these provinces. The existing Baptist Convention of Ontario and Quebec is an unincorporated religious body formed pursuant to an act of the parliament of Canada. That act merely constituted the convention as an assembly of delegates to be appointed by the churches affiliated with it. The work of the convention has been carried on by the eight incorporated boards.

Because of this type of organization, overlapping of jurisdiction and duplication of work developed and in 1958 the convention appointed a commission to analyse the

organization. After several years of intensive study, the commission recommended that the convention be incorporated and that the existing incorporated boards be merged with the incorporated convention to continue as one corporate entity. It is felt that the new organization would give permanency of existence to the convention and that it would eliminate many inefficiencies and duplications of time, effort and expense and that it would consolidate and unite the undertakings of the convention.

The proposal has been authorized and approved by the convention and by each of the eight boards involved. The detailed provisions of the bill are designed to give effect to the main purpose and will no doubt be examined in detail in the committee to which I trust this bill will be referred following second reading.

Mr. H. W. Herridge (Kootenay West): Just briefly, Mr. Speaker, I wish to congratulate the hon. member on the lucidity with which he deals with matters temporal and spiritual within a period of a few moments and thank him for the information he has given with respect to this bill. I presume that the bill will be referred to a committee.

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

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business having expired, and it being six o'clock, I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

(Translation):

Mr. Martineau: Mr. Speaker, this afternoon, while the Minister without Portfolio, the hon. member for Outremont-St. Jean (Mr. Lamontagne) waxed eloquent on the comforts of a renovated federalism, his friend —or at least, his ally—Mr. Lesage, premier of the province of Quebec, just happened to have certain statements to make concerning the budget of our Minister of Finance (Mr. Gordon). I feel sure the Minister without Portfolio will read with interest, while running through his newspapers tomorrow morning, that Mr. Lesage has described as a violation, and a glaring one—I am told—of provincial jurisdiction the new federal intrusion into fields traditionally reserved to the provincial state.

He attacked especially the financing program proposed by the government for municipalities. At the same time, he took the opportunity to say that the sales tax—proposed by the hon. members opposite—is a backward step. And finally he described as an Indian gift the $500 offered by the Minister of Labour (Mr. MacEachen) to encourage building in the winter months.

Now, Mr. Speaker, is that not an example of the take it or leave it attitude, the arrogant attitude of the administration towards the provinces, which are reduced to the status of vassals. And nothing in the remarks of the Minister without Portfolio, this afternoon, indicated that there had been any change of heart in that connection.

It is very nice for the minister to say that with this budget, which has disappointed everyone, we were entering a new era. He said that the budget had enhanced our prestige abroad. He should read Canadian and American papers, such as the New York *Times* and the New York *Herald,* and all others to see how many of the budget resolutions have been called discriminatory actions. He said that the budget contains provisions for the recovery of the economy, that those provisions will promote the expansion of our economy, while every building association in this country and every businessmen's association have declared in the strongest possible terms their dismay when faced with those proposals which could entail nothing but a slowing down of economic activity and business and an increase of unemployment.

Finally, the minister said that this budget would lead us into a new phase of national unity and he has called crypto-separatists those who in one way of another would oppose this new concept of federalism the administration was putting before the House of Commons and the population as a whole.

In the light of the statements just made by the premier of Quebec I wonder if tomorrow the minister will not describe him also as a pseudo-separatist.

And as one of the brilliant newspapermen on the hill, Mr. Clement Brown, said in his column: the Minister of Finance is a humor-

ist; on the one hand he proposes measures intended, according to his own words, to strengthen confederation but, on the other hand, he intrudes violently into the very substance of the confederation pact.

I do hope that before long we shall have the opportunity to discuss those measures in greater detail and the violation of the provincial autonomy which they revealed.

(Text):

Mr. Speaker, I will continue my remarks in English. I wish to state that the country as a whole was looking forward with great anticipation to this first budget of the Minister of Finance (Mr. Gordon). That was to be the crowning achievement of the 60 days of decision, the 60 days of action. That was to be the great *pièce de résistance* of that period which, incidentally, the Minister of Labour (Mr. MacEachen) in a radio address the other day declared could not be compared with any other period in modern history. Well, that is going quite a long way.

Some hon. Members: Hear, hear.

Mr. Martineau: Well, that is very true: it certainly cannot be compared with any other period of political history in Canada, because we have had the days of inaction and the days of consideration—qualified inaction—and I have made a summary and calculated a balance sheet. In 60 days of "action" I have found that the principal achievement of the government has been its unequalled ability to consider matters placed before it for attention. Looking through reports in *Hansard* from May 12 to the end of the period of decision, I find that the government had no less than 56 matters which, they told this house, they had taken under consideration—I may have left out one or two. They had, in addition, 21 matters under review. They also had 24 matters under study. One might say the government was engaging in generalities by saying these matters were under review or under study. But there is a fine distinction. Among other things, the government has certain matters under active consideration. No less than six questions, we are told, were under active consideration. Some were under serious consideration, and still others were under very serious consideration. With regard to matters taken under review, we have been told that the government is taking a look at some of these questions. Other questions were kept under constant review. Still others were being watched very closely. Certain subjects, we were told were being given close study. As a matter of fact, some were currently under study and others were being studied with great attention. I do not even refer to those matters which are under continuous study, or constant review, or to which close consideration is being given. Of course, there are other matters which are not being considered at all; they are not even worth consideration.

But there is no doubt that the crowning achievement, the budget was an anticlimax. It was a flop. It simply signified the floundering of the financial proposals announced with so much pomp, so much flourish. The budget itself could hardly have justified the sactimonious and partisan introduction made by the minister. It seems to me that everybody is out of step except the hon. gentleman himself. Consider the arrogance shown by the minister in some of his introductory passages. Nevertheless, the minister could defy his horoscope on that famous night of June 13. He was not superstitious. He was going to give the nation the great "face the facts" budget. He and his colleagues were taking this budget very seriously. It was to be an occasion announcing a grand scrutiny of the state of affairs confronting this nation. He was going to present to parliament an account long overdue. Here, the minister took on the role of a public indicator—a sort of public prosecutor or grand inquisitor—and he discussed with flippancy the progress of the economy. This is what he said about 1962, one of the years in which our economy achieved remarkable, indeed, unprecedented progress. He said:

> The year 1962 was a remarkable one in Canadian economic history. It was marked by an exchange crisis which followed upon five years of economic stagnation.

He had not one word to say about the remarkable success of the emergency measures, or of the restoration of our reserves to a new high. Nevertheless, he did have to admit that 1962 was a good year. This is what he said:

> The year 1962 . . . was an improvement over 1961. This was evident in the industrial part of our economy, while in agriculture, too, incomes were up.

The details he said, could be found in the white paper. In other words, these solid achievements were referred to as something worth only the attention of scholars or people who wanted to delve more deeply into the history of this nation. His sense of balance had been disturbed. The minister said the previous government had permitted the economy to stagnate, but he himself predicted a rate of growth much smaller than last year. He said, as will be found reported at page 1002 of *Hansard*:

> We have built our present estimate of revenues on the assumption that our gross national product will be about 5 per cent greater in 1963 than it was in the previous year. For this purpose we have assumed a normal crop, a relatively stable price level from now on, and no external trouble. About one third of this 5 per cent represents price increases—

The minister referred to confidence. Confidence, he said was a state of mind. It was psychological in character. The minister charged that the previous administration had destroyed confidence. He also said that as a result of the election and the prospect of a decisive government in Canada once again, Canada is on the road up.

Well, I wonder if the minister has read any of the newspapers in this land lately. This is a budget which can be criticized both because of its form and because of its substance. In regard to its form, I can only say that this is a matter which has been discussed in great detail during the last few days. I do not wish to go further into this aspect of the controversy. The fact remains that there has been a serious violation of constitutional practice in comprising the security of a budget by the way in which the minister permitted his special advisers access to the final draft. He can say all he likes about its being a good thing to have advisers, but there is surely no justification whatever for giving advisers brought in from outside access to the final draft of the budget. It remains a fact that it is not necessary only for Caesar's wife to be above evil; it is necessary for Caesar's wife to be above the suspicion of evil. That is the point which we on this side have tried to bring out, without attacking in any way the integrity of the minister or his aids. We have not attempted to do this in any way but we have discharged what we believe to be our parliamentary duty by placing before this house and the nation the extraordinary practices which have prevailed, extraordinary, surely, in Canadian political history, surrounding the presentation of the budget. Yesterday, the minister failed to give an answer to that charge. It is all right for him to say that he may have made a mistake and that he is sorry for having made a mistake. But this does not preclude the fact that there has been indiscretion and that the civil service has been flouted. Even yesterday in making his excuses to the house the minister said he had disregarded the old, traditional, safe and cautious way of proceeding, and was innovating. If he has innovated, he has innovated to the detriment of the confidence which should reign in these matters not only in parliamentary circles but throughout the nation.

With regard to the contents of the budget itself, Mr. Speaker, I would say that it is a sort of Dr. Jekyll and Mr. Hyde budget. It has an air of unreality. I think one can say that one is travelling in Alice's wonderland and that the minister has taken an attitude somewhat like Humpty Dumpty in the attitude of impenetrability he has assumed. That is so, Mr. Speaker, because the minister, after having stated objectives with which none of us could disagree, proposed means that will have the effect of defeating these very objectives. That is true with regard to his objective of economic expansion. He said we have to get the economy rolling again, we have to cure unemployment, we have to cure the balance of payments problem and the deficit problem. The methods which he employs, Mr. Speaker, defeat these very worth-while and laudable objectives.

Yesterday the minister said there were only a few ways by which to obtain these objectives. They were by imposing one of three taxes, an increase in personal income and corporation taxes, an across the board increase in the sales tax or the removal of the exemption from sales tax of building materials and production machinery. I seem to remember that when the minister was on this side of the house he always spoke of more revolutionary and more novel methods. Expansion was his byword. Where is that expansion today? Shall we find expansion in the imposition of an 11 per cent sales tax on building materials?

With regard to the imposition of that tax the minister said that it was not a very unpopular tax and in fact would be greeted quite favourably by most people in this country. I wonder whether the howl of protest that greeted the imposition of this tax will be looked upon by the minister as indicating a favourable outlook toward the prospect of this tax, which will have as one of its results an increase in the cost of building. Another more serious result is that many worth-while projects will be discarded.

The minister talked about foreign ownership in our country and this is what he had to say about foreign ownership and control, as found on page 1000 of *Hansard* for June 13:

> We shall continue to need substantial net inflows of foreign capital for quite a few years to come if we are to avoid further exchange rate difficulties and if a reasonable increase in our standard of living is to be achieved. This is a fact of life in Canada. It would be the height of folly to ignore it.

Then he quoted Walter Lippmann, apparently with approval, as follows:

> The solution of the problem is not one for legislation or treaty but for voluntary action by the United States interests in co-operation with their Canadian associates.

What the minister has proposed, Mr. Speaker, is not voluntary action by United States investors and Canadian investors but rather penalties imposed on foreign investors, on people whom the minister recognizes we need to develop and expand our economy. Yet here he is shaking a big stick at these people and discouraging investments that we need.

On the other hand, we do not offer the proper incentive for the formation of Canadian capital. There is nothing in this budget that will favour greater Canadian participation and that will make a greater amount of funds available for investment in Canada by Canadians. The budget provides only added taxation and absolutely none of the incentives whereby Canadians can feel that industry will reap the reward which will permit the building up of an intrinsically Canadian industry and which will eliminate part of the foreign ownership and control that all of us in this house deplore.

All of us agree with the objectives that the minister is seeking to achieve, but I think that the business community and businessmen throughout the country are unanimous in stating that the methods employed by the minister go contrary to the end which he seeks. The same administrative difficulties that prevailed in the case of the securities takeover tax, which has been repealed by the minister, are also prevalent in the imposition of the withholding taxes. The same reasons apply to the withholding taxes as applied to the securities takeover tax, and for that reason I submit that the minister should again review this tax, with that constant attention which his colleagues have given to other problems, and repeal it before it is too late.

I have presented in summary form my views with regard to some of the principal points contained in the budget. We will have occasion to come back to them during the discussion of the budget resolutions. A survey of the press throughout the land indicates that the budget is a most disappointing one. That was the first impression that most observers got after the delivery of the budget speech, and after a careful and more lucid analysis of the details of the budget this disappointing budget has become a really disastrous budget. It is disastrous for the expansion of our economy. It is disastrous because its net result will be more unemployment, not less. Its net result will be the discouragement of incentive enterprise and initiative in this country. It is not at all the type of budget the country was expecting from the new administration and from the Minister of Finance who was supposed to bring to bear a wholly novel outlook on financial matters.

(Translation):

Mr. Jean Berger (Montmagny-L'Islet): Mr. Speaker, as you undoubtedly know, I have the honour to represent in the house the beautiful constituency of Montmagny-L'Islet. You will admit that it is quite a heavy responsibility to be the spokesman for an electoral riding that was so well represented in the recent past, especially by my brilliant predecessor who is both party leader and premier of "la belle province" at the present time.

My electors certainly deserve my most sincere thanks for the great confidence they have placed in my humble talents. I wish for only one thing, and that is to deserve it for a long time if not forever.

(Text):

Now, Mr. Speaker, I wonder if you have ever been given the true impressions of a newcomer to this distinguished house in the performance of his duties? At first, naturally, I was greatly fascinated by the colourful ceremonies which took place at the official opening of the first session of the twenty sixth parliament of our nation.

I have listened very carefully, as have many others to the numerous features and interventions that have been made. I must frankly admit that at times I have been disturbed, literally dumbfounded, by the apparent lack of seriousness demonstrated by certain members of the opposition, as illustrated by their questions and remarks addressed either to you or the members of the cabinet. I had always been under the impression that there were so many important and vital questions to be settled in this House of Commons, in order to assure the development and survival of our nation, that there would be absolutely no time whatever to spend on such futilities, often indulged in with such misplaced ostentation. May God spare me in the future from such childish interventions.

I understand also quite readily the opposition's supposedly astute tactics, even if I cannot approve of them, in slowing down this government's program of action. In my humble opinion, this will prove to be a poor political asset in the eyes of their own constituents.

May I say however, Mr. Speaker, that in my riding of Montmagny-L'Islet, it is now common knowledge that the population is much more pleased, up to now anyway, with the right hon. Prime Minister's 60 days of decision which have now ended, as compared with the interminable six years of bifurcation and hesitation which characterized the preceding administration and the poor results which were unfortunately experienced. Our hopes and legitimate desires have been raised once again and in the very near future, as a result of the appropriate legislation introduced by this Liberal government, I have absolutely no doubt that these desires and hopes will be fulfilled.

In this hour of great need of our nation, may I be permitted to kindly ask the hon. members of the opposition for truly sincere and active co-operation so that Canada, our

great country, may once again reach and keep the high standard which was hers for so long in the past in all spheres of society under Liberal statesmanship?

(Translation):

Mr. Speaker, the needs are great, as they naturally are in all the other counties. I am quite aware of that fact. But by their vote of April 8, our people have clearly shown that they have confidence in your wise direction and also—I say this with all due modesty—a certain confidence in their representative in this house. I deem it to be my duty to give you all necessary information about our present situation and to submit respectfully our just claims. You will readily admit that Montmagny-L'Islet has not been too favoured by the previous administration for a good many years. Perhaps we were not particularly welcome among the Conservatives because of our firm beliefs and our strong determination to become equal partners in confederation. We joined for a short time the "dream ship" of the "Social Credit Line", which was flying a Conservative flag at the time. Is that why we did not reach a safe harbour? Anyhow, today, we must face hard facts, and we feel quite able and willing to do so.

For the last few days, I have seriously studied the budget presented by the Minister of Finance (Mr. Gordon). Like many Canadians, I have found in it some pleasant things and others, I must say, which are not quite so pleasant. I fully realize that the government must live up to its responsibilities and convince Canadians that they cannot hope for a high level of national income, and social security to boot, without having to bear a heavier tax burden. This was stressed by one of my illustrious predecessors in the house. I am convinced that the minister was striving towards a realistic budget, because it is extremely rare for a minister of finance to present a spectacular budget. As an economist rather than a financier, the minister grappled with the most serious problem at this time, that is widespread unemployment, and his budget, as he pointed out himself, is designed especially to stem unemployment, in conjunction with other government measures already announced.

The three year tax exemption granted to industries establishing plants in depressed areas is a first step which pleased us. No doubt it will help to reduce considerably the economic slump which we are now experiencing. On the other hand, however, the imposition of a sales tax of 11 per cent on building materials is casting gloom over our prospects in the riding of Montmagny-L'Islet. I must say, Mr. Speaker—

Some hon. Members: Hear, hear.

Mr. Berger: I welcome the applause from our friends opposite, because frankness has always been the main characteristic of our party.

I might tell you, Mr. Speaker, that in my county, the forest industry plays a great part, and that its development was already well advanced in the beginning of the nineteenth century, because there were about 30 sawmills in Montmagny and l'Islet at the time. Yet, like everywhere else, it happened that the cut was much greater than the potential, which resulted in the quick decrease of large timber. Lumber imports from the state of Maine fortunately helped to rectify the situation. According to statistics, the total production of the 37 sawmills in the county of l'Islet reached 31 million f.b.m. in 1957.

Twenty of those sawmills use lumber mostly from Maine: they are located in ville St. Pamphile, in the parishes of St. Adalbert, St. Cyrille and St. Perpetue, and according to the most recent statistics, produce a total of 27 million f.b.m. In the last decade, an increasing number of logs are crossing the international border to be cut in our sawmills. From south to north, the points of entry are Daaquam, Lake Frontier, and St. Just de Bretenières in my own county.

In the year 1958-59, statistics of the Daaquam customs station show that 15 million f.b.m. of resinous wood entered Quebec, as well as 4 million f.b.m. of hardwood and 2.5 million f.b.m. of lumber, which gives a total of 21.5 million f.b.m. of logs, to which may be added also 15,000 cords of pulpwood. In transit, there have been one million feet of lumber and 35,000 cords of pulpwood. At Lake Frontier, during the same period, 9 million feet of lumber and 25,500 cords of pulpwood entered this country. We have more detailed figures for ville St. Pamphile; the cut in the Maine basin is practised simultaneously by the representatives of the American land owners and by ten industries or so on the south shore, who feed their sawmills in this way.

Out of an average volume of 15 million feet of lumber, mainly spruce, 13 million are cut in the l'Islet sawmills. The ten manufacturers employ some 400 men to cut an average volume of 10 million feet of lumber. Therefore, some 25 million f.b.m. cut in Maine come into the district through ville St. Pamphile and are processed in nearby sawmills.

The importation of lumber from Maine is a major economic factor for the lumber industry on the south shore. Of course, we do

not include here the lumber in transit and pulpwood shipped directly to the mills installed on the shore of the St. Lawrence, west of the area. So, it is easily understood that importations of undressed lumber from Maine has become the essential condition to operate the largest sawmills in the highlands of Montmagny-l'Islet and neighbouring counties.

For all those reasons, Mr. Speaker, our manufacturers have been concerned over this 11 per cent tax on building materials and are looking forward with some impatience to other legislation or explanations which could give them some reassurance on a constantly growing and stable market.

However, I must honestly point out that the government has decided to provide a counter-effect to the inconvenience of this tax by reducing from 6½ to 6¼ per cent the interest rate on C.M.H.C. loans. It further recommends that the 95 per cent provision applies to the first $13,000 of the value of a house instead of the present first $12,000 and that the present maximum loan of $14,000 be increased to $15,600, to say nothing of the $500 subsidy recently granted for new houses built in winter. As several of my colleagues will no doubt point out, it should be noted however that, in my district, winter is in no way comparable to that in other parts of the country.

Having had the opportunity of discussing these problems with the Minister of Finance himself and having obtained the necessary information, I remain firmly convinced, like my colleagues, that the minister acted in the best interest of Canada with his customary frankness and honesty. Indeed, he explained himself quite clearly in the house yesterday afternoon and I am glad of the clear cut result of the vote which was taken in the evening on the non-confidence motion, since that will enable him to carry on honestly and satisfactorily his heavy ministerial duties.

Coming back for a moment on the Canadian timber operations in the state of Maine, the woodworkers of Montmagny-L'Islet have asked me to remind the Minister of Labour (Mr. MacEachen) in particular and the government in general that the delicate question of unemployment insurance benefits for Canadian woodworkers in that state has not yet been settled one way or the other.

We realize that negotiations in that connection started in 1944 but you will understand, Mr. Speaker, that after nearly 20 years of fruitless waiting my constituents are not only getting a little nervous about the length of the discussions but they are also slightly annoyed at those who were appointed to examine the problem. We hope that the improvement of relations with our powerful neighbours across the 45th parallel, due in large measure to the outstanding competence and warm personality of our Prime Minister (Mr. Pearson), will become the cornerstone of a final and desirable agreement on this matter about which, and for a very good reason, we are concerned. The Minister of Labour is aware of our most urgent demands in that field.

On the other hand, we were told and we have noted that this year's budget had been prepared according to the estimates of the previous administration, which probably explains the obvious absence of important works in the constituency I have the honour to represent. Despite the contrary opinion expressed in the papers by my predecessor the close friend of the member for Lapointe (Mr. Gregoire), who has since been divorced from the movement, I would like, right now, to indicate to the government that very soon commendable and easily workable projects will be submitted to them on behalf of the people of that constituency.

We shall soon have to look after the harbour facilities in Montmagny, which require great improvements in many respects. This is the only access to Ile aux Grues, Grosse Isle and a few others. I could say the same thing of other wharves in my constituency which are absolutely necessary for shipping our pulpwood.

As stated in the remarks I have made, some public buildings will undoubtedly require repairs and improvements and new ones will have to be erected to adequately fill our many urgent needs.

Retaining walls are required right now because of the seriousness of some situations in certain areas of my constituency.

The municipality of Ile aux Grues I mentioned a moment ago will also need increased assistance—I do not want to rub our hon. friends opposite the wrong way—within federal jurisdiction if it is to satisfy the urgent needs of its population.

We shall also strongly urge the Postmaster General to materially improve mail delivery in some points of our large community.

We admit that it is better to proceed cautiously and succeed than to move with haste on a blind path or toward an abyss.

We cannot condemn cautiousness but, on the other hand, we refuse to stay any longer in this dangerous period of stagnation that we have known unfortunately, and even more acutely these last few years. It has been too severe and lasted too long.

The assurance given by the Prime Minister that a national anthem and a distinctive flag would be adopted very soon was and is still a moral comfort to us.

I should now like to point out, in my own name, that at this time when the attention of the whole world is still turned toward the Vatican where the peace-loving pope, John XXIII, has just died, where his successor has just been elected in the person of His Holiness Paul VI, the question of a Canadian diplomatic representation to the Vatican has cropped up again. I knew that this would please my hon. friend for Joliette-L'Assomption-Montcalm (Mr. Pigeon) who, I suppose, was not given all proper latitude to discuss it at ease with his leader during recent years. The present atmosphere around the Holy See should raise all barriers, all hesitations and even all political considerations which, to this day, prevented the government of our country from acting in a practical way.

Mr. Speaker, we also hopefully look forward to agriculture. The many problems facing the members of parliament in relation to agriculture have gradually developed during the last ten years or so. The aspect of some has changed, while some others became more acute. Agriculture has an important part to play in the promotion of the whole economic activity of any country, the development of markets for our various products coming from all parts of the country, the development of our resources, including our labour force which could be used in a much more effective way in some developing areas, and some contribution to the stability of the cost of living.

In spite of some improvements in the per capita farm income during the last decade, it must be recognized that a gap remains and tends to widen between agriculture and the rest of our economy. This seems to be due particularly to the limited opportunities offered agriculture in the development of foreign markets and to the rapid growth of other sectors of the economy.

Therefore, we on this side of the house, welcome with great pleasure and great hopes the government project concerning the impending appointment of a minister of agriculture for the eastern part of Canada.

[Mr. Berger.]

Our climate, our soil, our crops vary considerably from one end of the country to the other, and it is high time a remedy was found to the persistent uneasiness prevailing in the east. This first approach with an eastern minister already seems a benefit and for the time being it has my wholehearted support.

I also wonder whether, because of our limited production in the east, which is partly due to climatic conditions, and partly to our soil—and I am mainly speaking of my own riding—whether it would not be preferable to turn to raising beef cattle, poultry etc., while not losing sight of the particularly promising attraction of large markets nearby, like Montreal and Toronto, for instance. However, I note that, at the federal level, we are mainly interested, as we should be, in study and research, leaving it to the provinces to administer or carry out such and such policy, because their respective autonomies should be respected.

I hope to have an opportunity of coming back to this matter during the debate on the bill to appoint a minister of agriculture for the east in a few weeks.

I would like to conclude my remarks, Mr. Speaker, with a few words on bilingualism and biculturalism, which I have always intensely advocated, since my earliest days.

(Text):

We have to realize, Mr. Speaker, that the brilliant future which is our legitimate destiny in this country will only be achieved if each of us holds the other in mutual respect and understanding. I sincerely believe that we should have a better understanding of what it really should mean to be a true Canadian. The key to unity in Canada is equality and if we are prepared to use this key we can unlock the doors which have barred Canada's growth and clouded her image. United we have the spiritual and material resources necessary to become a leader among nations. Divided our future is shrouded in uncertainty and Canada may forever be known as the country which condemned itself to perpetual mediocrity because blindness had concealed an elementary truth; stability and progress are single sides of a coin and both of these are functions of people striving for a common goal while stopping to help each other along the way.

(Translation):

It is in this spirit, Mr. Speaker, that I should now ask all hon. members of this distinguished

house, without any distinction of race, religion or political allegiance, to work hand in hand leaving aside tedious partisanship, to the establishment of a healthy and progressive policy, to the adoption of laws well adapted to stimulate an economy that wants to recover, to the realization of desired and desirable unity of all Canadians without exception, for a stronger, greater and more respected Canada, for a country as rich as ours where life is so good.

(Text):

Hon. H. J. Flemming (Victoria-Carleton): Mr. Speaker, in rising to make some observations in connection with the budget and the budget speech delivered by the Minister of Finance (Mr. Gordon) a few days ago I have an urge to give in a few words my conception of what a budget address should be. I have had the privilege of listening to many budget speeches and it has always been my opinion that a budget speech presented an account to parliament or to a legislature of the state of the nation. Then after giving a statement of conditions as they were, both financial and economic, the gentleman delivering the budget speech, whatever his official position might be, would give a review of the measures which the government proposed to take to meet existing problems and improve conditions. I have gathered the impression, from some degree of experience, that extraneous remarks of a partisan nature are out of place in a budget speech; that generally speaking ministers making budget speeches deliver them in a noble state of mind and, shall I say, with a noble attitude toward the report and the people listening to the report. The minister, apparently, in delivering his budget speech had no such idea. Whether he got other plans from some of these newly found advisers, I am in no position to say, but nevertheless his speech has been described as the most petty, picayune, partisan party address that has ever been given in parliament. It has been described as a combination of partisanship and platitudes, without being sure which was the more prevalent. To me it indicates supreme arrogance.

The minister called it a face the facts budget. I say that in the light of subsequent events the only face there is in it is an about face, and it now should be called the off again, gone again, will it be on again budget. I strongly advise the minister to go back to writing books. When he chose the title for his book "Troubled Canada" he must have been looking into a crystal ball and seeing the conditions existing in June, 1963 after he delivered the budget speech, because he has certainly added to our troubles by the provisions of his first budget.

I am not one of those who blame the minister entirely for the situation that exists; neither do I find fault with him exclusively. My experience has been that ministers of finance and ministers generally speaking do not take distinct and unusual steps without consulting the prime minister under whom they serve, and other members of the government. Therefore I say, Mr. Speaker, that I am not blaming the Minister of Finance entirely for the situation in which we find ourselves in connection with various things which I will enumerate in a moment or two. Over the years the Minister of Finance has proved himself to be a good theorist. He was good enough to play his part in fooling the electorate last April. His first opportunity to put his economic theories into practice, however, has been a tragic failure and the theories just do not work.

As an example let us consider the 30 per cent tax on sales to non-residents of stock in Canadian companies exceeding $50,000 a day by one seller, which took effect as he spoke the words. How did it work? In a few days it wrought such havoc that Mr. Kierans, the president of the Montreal stock exchange, strong Liberal that he is, forsook his desk and rushed to Ottawa to join forces with Senator Gelinas, who is a collector of funds for the Liberal party, to insist upon the immediate withdrawal of this dangerous tax which was an affront to business at home, in Washington and elsewhere. These gentlemen got results; the tax has been withdrawn and its future is nebulous. The minister, as I say, called his budget a face the facts budget. I repeat that it is an about face, an off again, gone again, when will it be on again budget. As far as I know it is the first of its kind in Canadian political history. Before the election the Liberals talked about restoring confidence; since the election they have acted in such a way as to throw the whole business community of Canada into confusion. How is anyone doing business or contemplating making an investment in this country to know where he stands? How is anyone to know what the tax policy of this about face government is or is not?

I find myself constrained to offer some comments regarding our economic relations with other countries, especially with the United States of America. I am a Canadian. I have many friends and relatives in our neighbour country to the south. I represent a constituency lying along the border of the state of Maine. I have an American-born daughter-in-law living in Canada and contributing to raising young Canadians. All my life I have been associated with businesses which export the bulk of their products to the U.S.A. Moreover, it was American capital

which in many instances kept our businesses going by making advances when we could not borrow the money in Canada. Do you wonder, Mr. Speaker, that I cannot get very excited or exercised unduly when I hear about our friends in the United States buying Canadian businesses. I think we might all remember that they do not move the plant and machinery out of this country when they purchase it. The activity remains here. The business employs Canadians. The business pays them well. The business operation is subject to Canadian laws.

The Liberals in the last two elections unfortunately managed to convince Canadians in some localities that we the Conservatives, were anti-American. Speaking for myself, and I think for my party, nothing could be further from the truth. That was not and is not a fact, and it is too bad that many people were influenced by this misrepresentation.

The minister said in his speech that in seeking solutions to this problem, meaning unemployment, our salvation does not lie in isolationism; that it does not lie in withdrawing unto ourselves and ignoring the currents of progress and change around us. I wonder what he was doing with the 30 per cent tax, having uttered those particular words? I believe it is a great privilege for us in Canada to live alongside a wonderful country with such wonderful people as those who live in the United States of America. I think it should be considered as being of great benefit to us and that we should take advantage of our geographical situation instead of whining about it. That is, as long as our laws are respected.

I submit that it is a good thing to have people from other countries thinking that Canada is a good country in which to invest. What is wrong with it? I submit that investment from abroad stimulates interest in this country, or any other country. After investing in Canada people come to visit us. They want to see their security. Do you remember, Mr. Speaker, the account in the book "David Harum" about the country banker, who said that a man's heart is located much closer to his breeches pocket than to his breast pocket? Then we also have from Holy Writ the assertion that "where your treasure is there will your heart be also". So I do not view with alarm the matter of U.S. investment in Canada; in fact, I welcome it.

The 30 per cent tax was ill conceived, ill-prepared and ill considered; it has now been withdrawn. It was too hot to handle and the government had to drop it. I suggest to the Minister of Finance, or whoever he may be in future, that the problem of dividends from Canadian business in their relation to our balance of payments position should be a matter to be dealt with from the positive point of view rather than the negative. I think it should be made attractive for Canadian citizens to own Canadian stocks rather than apply any extraordinary penalty to foreign owners. This could be accomplished by increasing the discount allowance for income tax purposes on dividends of Canadian companies by a small percentage each year until a certain maximum is reached. It is now 20 per cent. It might be increased by 1 per cent each year over a ten year period, and in that length of time it seems to me that Canadians would bid for stocks of Canadian companies and the ownership in Canada should, and perhaps would, increase enormously.

My opinion, Mr. Speaker, in regard to the sad situation in which the new budget has plunged us is this. In control of our affairs in this house today we have a group of men, most of whom have lived very sheltered lives. They have never had any practical experience in running business. Instead of having to scratch around to earn a living for themselves, generally speaking all they have had to do is to put their names on the back of a regular pay cheque. I contend, Mr. Speaker, that such men have nothing in their background to enable them—

Mr. Martin (Essex East): What about the Minister of Finance?

Mr. Flemming (Victoria-Carleton): —successfully to manage the big business of government, which today runs into billions.

Mr. Martin (Essex East): Surely the Minister of Finance has?

Mr. Flemming (Victoria-Carleton): I do not think the minister wants me to comment on the Minister of Finance in view of the budget.

Mr. Martin (Essex East): He has had tremendous business experience.

Mr. Flemming (Victoria-Carleton): Hon. gentlemen—and I include the minister, because he is one—can talk convincingly about how to run the country, but already their actions speak louder than words and prove their incompetence. I say to them, Mr. Speaker, that the best education in the world is secured by struggling to make a living.

I should like to comment on the bringing in of these so-called experts from outside to advise the minister as to what he should put in his budget. I feel that this casts doubts on the abilities of the Prime Minister, of the members of his cabinet, on all Liberal members in this house, and on the fine senior civil

servants whose professional training and personal competence must surely have prepared them to give just such advice at just such a time.

You will recall that only a few years ago a minister of finance resigned in Britain because of a supposed leak before his budget was presented to the house. I feel very strongly that we should hesitate a long time before we break away from practices that have proved themselves through the centuries in the experience of the mother of parliaments; in that—

Land of settled government,
That land of just and old renown,
Where freedom broadens slowly down
From precedent to precedent.

The Minister of Finance, like all members of the house, was elected by the people and is responsible to the people. They elected him because they believed he was competent to carry on their affairs. If he felt he was not capable, in consultation with the usual persons whose advice is permissible through parliamentary precedent, then he should never have accepted the position of minister of finance. In my opinion he has made a grave mistake in introducing into this house a very wrong, unfair and dangerous precedent. Some people say: Well, you have to have advice. I see nothing wrong with seeking advice, but the point is that the people from whom the government or the minister secures advice should not know what is going into the budget. They should be asked for advice but they should not know what the decision is. That is the fact, Mr. Speaker, and it is the fault I find with this situation.

Now I have a word or two to say about unemployment. There is no difference between any two members in this chamber as to the importance of unemployment and the tragedy which the lack of gainful work brings to individuals, to families and to communities. That is one of the things we can agree on for sure. Now let us find out how the minister proposes to deal with it in his budget speech. We know of the displacement of people due to automation. We know of the necessity of training people for jobs requiring skill, and the government which preceded the present government took no back seat from any other government in the things they did in that respect. The Minister of Labour (Mr. MacEachen) says that these measures will be expanded. We all know this will take time. What are we going to do in the meantime? What are we going to do for jobs while this training process is going on? That is the question. I can tell hon. members that the industry which employs the largest percentage of unskilled labour in Canada is the construction industry. This includes the forest products industry which produces lumber used for most types of building. I believe the percentage of wages paid in the lumber and construction industry in relation to the total cost of the product compares very favourably with the similar percentage in any other industry. A good deal of the cost of the product is paid to unskilled workers. I have in my hand a letter which was sent to the Minister of Finance (Mr. Gordon) by the maritime lumber bureau. I commend this to the attention of the Minister of Forestry (Mr. Nicholson) also, because this is a protest against the imposition of the 11 per cent tax. I intend to read the letter. This was sent to the Minister of Finance on June 20 and it says:

> The directors of the maritime lumber bureau strongly protest the sales tax that has recently been placed on lumber and building supplies.
>
> Increased cost of domestic lumber, by taxation, will result only in less building starts, and have adverse effects on employment in lumber, construction and transport industry.
>
> The loss of the exemption, available to producers and manufacturers on equipment and supplies used directly in the manufacture of lumber, can only result in substantially higher cost and thus weaken our position to compete in our much needed export market. The export market has been built up and maintained over a period of many years and is the basic market for Canadian lumber.
>
> Furthermore, the increased cost of fuel used in the production of lumber, due to the sales tax, is also a serious matter and substantial cost, as a large percentage of our maritime mills are powered with diesel engines.
>
> It is our opinion that the lumber industry of the maritime provinces, presently struggling for existence, is in the position that if such burdens are imposed we will fall into the class of industries that require substantial government assistance in order to exist and compete in foreign markets.

So I appeal again to the minister to reconsider the imposition of this iniquitous 11 per cent tax. This is an industry which should be encouraged. I go back to the question of the training of young men for skilled jobs. It does not make sense that during the period of education and transition we should discourage industries which are using a high percentage of unskilled workers. But what do we find? I will tell you what we were told in the budget speech. We were told that this industry would be encouraged by being taxed 11 per cent on all materials used for construction, which, it is estimated will increase the price of finished units by 5 per cent or more. Could anything be more stupid than that? If ever there was a move that is bound to slow down the construction industry on which so many of our people depend for a living, it is certainly the withdrawal of the sales tax exemption on building materials and the imposition of the manufacturers 11 per cent sales tax on these construction

essentials. The sales tax newly imposed on machinery used in manufacturing or production other than farming and fishing is also bound to be a deterrent to the good times we enjoyed in 1962, the best year in the economic history of Canada, thanks to the practical policies of the Diefenbaker government.

The minister, speaking for the government, states that any Canadian, young or old, who wants a job must be able to find one. With that, I agree. Then, almost before the words have left his lips, he imposes a tax of 11 per per cent on all building materials, which will have the effect, if proceeded with, of hindering, hampering and, in many cases, completely stopping work which employs more unskilled men than most other industries in Canada.

I wonder if the minister has read an extract from the newspapers about the Bathurst Power and Paper Company Limited. I wonder if he knows what they are doing with regard to the board mill they were going to build in the Gaspe peninsula. This is from the Moncton *Transcript* of June 22:

> R. A. Irwin, president of Bathurst Power and Paper Co. Ltd. said Friday night the company has decided to reconsider plans for construction of a new kraft board mill in Quebec's Gaspe peninsula.
>
> He said in a telephone interview the review was deemed necessary in the light of the federal government's budget proposal for removing the exemption of building products and machinery from the 11 per cent sales tax.
>
> "This would have a direct effect on the capital cost of the mill", said Mr. Irwin.
>
> Cost was originally anticipated at between $40 million and $42 million. Mr. Irwin said removal of the exemption could increase the figure by an estimated $2,500,000 to $3 million.

I submit that this has every appearance of being the essence, indeed the quintessence of stupidity, and I appeal to the government to remove this tax before it does irreparable damage.

And this is not all. The minister then proceeds to impose a tax on machinery which also will have the effect of cancelling, or at best postponing, the expansion of industry during the period when we need all wheels turning to meet the need for employment and when it would appear desirable to instal machinery and keep it going.

Now I turn to winter employment. The minister mentioned the announcement of the Minister of Labour (Mr. MacEachen) on this subject. The Minister of Labour has stated that $500 will be allowed off the basic price for houses substantially constructed during the winter season. As my hon. friend from Bow River (Mr. Woolliams) said a few evenings ago, this is more than offset by the extra tax on building materials. So the Minister of Labour giveth and the Minister of Finance taketh away. I know there is something more to it than that, but I do not know who is to be called blessed. It is estimated, I believe that 50 per cent or more of the cost of a house is for materials which go into it. In other words, substantially more than the $500 goes for the extra taxes and, actually, the cost of winter construction is substantially greater than if made during more moderate weather. On balance the tax must be considered as additional cost and as taxation. Increasing taxation in itself is bad enough, but applying taxation to the extent of reducing its volume to an industry on which the government depends for an improvement in the employment situation, seems inept and inane and capable of being represented as insane.

The Liberals are attempting to say they have achieved a budget which does not increase taxes, although how this is possible when the minister expects to receive $170 million more in revenue is far too subtle for a mind like mine. They call taxation revenue and expect the people to swallow that in the same way as they did some of their claptrap last April.

I come now to a question regarding the Canada development corporation. What is the intent of this?

An hon. Member: Out of order.

Mr. Flemming (Victoria-Carleton): Somebody says it is out of order. Nothing is out of order that is covered by this $6½ billion. We are discussing the budget and nothing is out of order that is covered by this $6½ billion about which the minister talked. You can roam all over the world as long as there is Canadian money being spent.

I am going to suggest that it would appear that this vehicle, in view of the 30 per cent securities sales tax being withdrawn, may be considered sooner than anticipated. I ask the question: Is this another long step toward government ownership? Does this mean another body of government employees? Does it mean more bureaucracy? I realize that government order No. 13 presents the opportunity for discussion and debate but I want to record my objection here and now to more direct government interference in business. What we need is less government in competitive business, and more business in government. That is what we need.

If this development corporation has a necessary function to perform I suggest that it be done in co-operation with our banks—co-operation, not competition. By our tax laws we are partners already in every business in the country. The minister is going to get some of the profits of all of them.

The year 1962 saw an increase in almost every phase of economic activity. The minister said little in his speech about the action of the previous government in pegging our dollar on the basis of a 7½ per cent discount compared with the United States dollar even though he has many times stated that the dollar discount will be maintained. In the election of 1962 the Liberals said that this would bring blue ruin to the country. That is what they preached because I read it in many newspapers and listened to it on television and radio. They said that the cost of living would rise tremendously, that our discounted dollar was a blow to our pride as a people. Such nonsense. I would remind the house that the complete wisdom of this action has now been completely proven by subsequent events.

This is all right with us since 1962 saw an increase in almost every phase of economic activity. Every phase of economic activity increased compared with 1961 except unemployment and bankruptcies. These were the only two that went down.

The minister stated that for five years we had economic stagnation. With that statement I take exception. True it is that the government elected in 1957 inherited a mess left on their doorstep by their predecessors. There is no question about that. They found many problems on their doorstep and they grappled with them. They applied the remedies. They produced results. They paved the way for the extraordinary recovery in 1962. Then the minister said in his speech, as found on page 996 of *Hansard*:

> Our rate of growth over the past six years as a whole has been quite inadequate. We have had a falling rate of new investment. We have had chronic deficits in our international balance of payments. And most important, we have had chronic unemployment.

I hold in my hand the figures under certain headings for 1956 compared with 1962. The minister says that growth in that period was inadequate. I think it averages about 5 per cent per year; at least, the gross national product does. It went from $30 billion to $40 billion.

An hon. Member: Not 5 per cent.

Mr. Flemming (Victoria-Carleton): All right, figure it out for yourself—$30 billion to $40 billion in six years—figure it out for yourself.

Mr. Deputy Speaker: Order. I regret I must interrupt the hon. gentleman and advise him that his time has expired.

Mr. Robichaud: May I ask the hon. member a question?

Mr. Deputy Speaker: The hon. member for Kingston.

Mr. E. J. Benson (Parliamentary Secretary to Minister of Finance): Mr. Speaker, having listened to debates in this house over the past years it is with some diffidence that I rise to make my modest contribution to this budget debate. It has disturbed me, Mr. Speaker, that over the past four days, culminating in a vote last evening, the content, the economic aims and implications of the budget speech delivered on June 13, 1963 received very little attention. Instead we have witnessed a deliberate diversionary action which, through implication, attempted to destroy the character of persons who could not defend themselves in this chamber. I deplore this kind of debate.

An hon. Member: Who started it?

Mr. Benson: Today I should like to discuss some of the aims and implications of the budget recently presented. The purposes of the budget, as clearly indicated by the Minister of Finance (Mr. Gordon), are fourfold. The first and most important aim is to fight unemployment. The second is to encourage Canadian participation in the ownership and control of companies operating in Canada. The third aim is to make our tax system more fair and equitable by closing loopholes and eliminating anomalies in our taxing statutes. The fourth aim is to move this country toward financial responsibility by reducing the huge budgetary deficits which have plagued us during the past several years. I believe that new ground has been broken in this budget. Bold new ideas have been introduced which, in the years to come, will benefit every part of this country.

First of all, Mr. Speaker, I should like to deal with the matter of attacking chronic unemployment which all of us, I am sure, consider to be Canada's major problem. Governments cannot tackle this problem alone but they can create an environment in which free enterprise can move forward, and I believe that, working together, labour, industry and government can achieve much in returning this country to a state of full employment.

One of the chief problems we have in Canada is the fact that some areas in our country have not developed as rapidly as others and therefore suffer more from unemployment than does the country as a whole. The Minister of Finance offers in this budget particular encouragement for such areas by saying that new manufacturing and processing industries locating there, regardless of ownership, will have a tax holiday of three years. In addition, they will have the opportunity to write off their machinery and

equipment in a two year period. New buildings for commercial or industrial purposes in these areas may be written off over a five year period.

I believe that these are real incentives to industry. They tell manufacturers and processors that they can move into these areas and have real tax advantages. A manufacturer can set up a new business with the knowledge that if it is economically sound—and no one will start a business anywhere unless there is reasonable hope of its being profitable—he can recover his whole investment before he has to pay any income taxes. These incentives are greater than have ever been offered before in this country to my knowledge. They are incentives designed to encourage industrial growth and expansion in areas of Canada which need it. In addition, for all areas of Canada manufacturing and processing businesses owned to the extent of 25 per cent by Canadians are to be allowed to write off their new machinery and equipment in two years.

I have prepared a table which shows that a manufacturer who is operating profitably anywhere in Canada will be better from a cash flow point of view in spite of the sales tax on building materials, and I would appreciate having the opportunity to insert this table in *Hansard* at this point with the consent of the house.

Mr. Knowles: What is its source?

Mr. Benson: It is prepared by me. I am responsible for it.

[*Editor's note: The table referred to above is as follows:*]

A new manufacturer with at least 25 per cent Canadian ownership builds a plant anywhere in Canada and invests $300,000 in building and $300,000 in equipment.

BEFORE BUDGET POSITION

	*Class 3 Buildings 5%	Class 8* Machinery 20%	Total
Cost	$300,000	$300,000	$600,000
Capital Cost Allowance year 1	15,000	60,000	75,000
Undepreciated Capital Cost end of year 1	285,000	240,000	525,000
Capital Cost Allowance Year 2	14,250	48,000	62,250
Undepreciated Capital Cost end of year 2	$270,750	$192,000	$462,750

AFTER BUDGET POSITION

	Class 3 Buildings 5%	Class 8 Machinery 50%	Total
Cost	$300,000	$300,000	$600,000
Estimate Sales Tax (11%)	33,000 (5%)	15,000	48,000
	333,000	315,000	648,000
Capital Cost allowance Year 1	16,650	157,500	174,150
Undepreciated capital Cost end of year 1	316,350	157,500	473,850
Capital Cost allowance Year 2	15,817	157,500	173,317
Undepreciated capital Cost end of year 2	$300,533	nil	$300,533

*Ordinary rates of capital cost allowance, not including any acceleration provisions.

In this table I have assumed that a new manufacturer, with at least 25 per cent Canadian ownership, builds a plant anywhere in Canada and invests $300,000 in buildings and $300,000 in equipment. This table indicates, Mr. Speaker, that over the two year period his depreciation which could be claimed for income tax purposes would, in the two years after budget date, amount to $347,467 as compared with $137,250 at ordinary rates. The extra depreciation would amount to $210,217 and the tax thereon at the corporate rate of 50 per cent would mean a saving of $105,108.50. Thus, Mr. Speaker, even though the manufacturer had to lay out an additional $48,000 when he bought his plant due to the sales tax increase, if he operated profitably he would be $57,108.50 better off from a cash flow point of view after two years of operation than he was before the budget. When businessmen enter a new business, Mr. Speaker, one of their prime concerns is how soon they can get their investment back out of the business and into their hands for further use.

There are other measures, Mr. Speaker, in the budget such as the special payment to employers of elderly workers, the reduction of N.H.A. interest rates and the lower down payment on N.H.A. homes, all designed to spur employment. I believe that these measures, plus other measures such as increased municipal aid, additional retraining assistance, the creation of a department of industry and a national economic council will provide a comprehensive attack on the unemployment problem that we have in this country, a problem which this government is determined to solve.

I should like to move on to the next aim of this budget, namely the encouragement of

Canadian participation in ownership and control of corporations operating in this country. Several members of the opposition have said that they agree with this aim, and then wandered off to discuss the 30 per cent takeover tax, a tax which formed only a minor part of this program and which has since been withdrawn.

We have still in this budget, Mr. Speaker, two major incentives to encourage the sale of a portion of the capital stock of such corporations to Canadians. These are, first, the differential in withholding tax and, second, the accelerated depreciation which I have just discussed. Both of these measures will encourage these companies to sell at least 25 per cent of their shares to Canadians, and to have 25 per cent of their board of directors made up of Canadian citizens who are not company employees. This is new ground which this government has broken. It is the first time that a Canadian government has faced up to the problem of foreign control and ownership. It will mean that Canadians will have a voice in the policies of companies which are operating in Canada, using Canadian resources and manpower, and that we, as Canadians, will be able to share in the profits of such corporations.

I should like to say a few words, Mr. Speaker, about measures which have been included in this budget to close loopholes and eliminate anomalies in our taxing statutes. For several years now there have been a number of loopholes in our taxing statutes which permitted taxpayers who could afford competent advice to escape paying their fair share of taxes. This was accomplished through dividend stripping, corporate income splitting, the misuse of lease option agreements, and the use of the corporate structures of companies which had accumulated losses and were out of business. We will have an opportunity of dealing with these matters in more detail during discussion of the resolutions and bills.

In this budget the Minister of Finance (Mr. Gordon) has proposed drastic steps to plug these loopholes. The purpose of these steps is to help the ordinary taxpayer in Canada by assuring that all taxpayers will pay their fair share of the cost of government.

This could have been accomplished, Mr. Speaker, by taking a year or so to amend the Income Tax Act, which has become extremely complicated over the past several years. However, in the move to equity and fair play, it was essential that action be taken at once. This action has been proposed in the budget, and in two cases it involved the use of a ministerial discretion. I have learned in the past few days, Mr. Speaker, as a result of listening to the discussions in this house, that ministerial discretion here seems to be almost as unpopular as ministerial indiscretion at Westminster.

The Minister of Finance stated yesterday that the suggestion of many people that we assure the right of appeal from this discretionary power would be considered, and considered it will be, Mr. Speaker. However, as Canadians, I believe that it is the first duty of all of us to see that these abuses are stopped. I say this in spite of the many protests we will receive from persons who have a pecuniary interest in seeing these practices continued.

Finally, Mr. Speaker, in closing I should like to say a few words about the removal of the sales tax exemption on building materials and production machinery. As the Minister of Finance mentioned yesterday, the imposition of additional taxes is never popular. However, the idea has been spread that the construction industry is being penalized. This is not the case. The sales tax presently applies to almost everything except food. Clothing, household appliances, furniture and automobiles, to mention but a few of the necessities of life, are and have been for many years subject to sales tax in this country.

It has been stated also in this house that the cost of housing is going to soar. This is also not the case. The best estimate which I have been able to obtain indicates that the selling price of homes at the $10,000 level will increase by about 3½ per cent, whereas the selling price of homes in the $17,000 range will increase in price by about 4½ per cent. I have calculated the down payment and monthly payments for homes purchased under N.H.A. before and after the revised down payment and interest rates proposed by the Minister of Finance in the budget.

Let us consider a home which previously sold for $13,000 and which may now be increased in price to $13,500. Before the budget, the down payment on this house would have been $900. After the budget, the down payment is $800. The monthly payment prior to this budget would have been $82.67, and it will now be $84.82. Thus, Mr. Speaker, the immediate cash outlay at time of purchase will be $100 less and the monthly payments over 25 years will be increased by $2.15 per month. I do not believe this indicates the catastrophic effect on the small homeowner which has been indicated by some hon. members opposite.

Yesterday in this house, Mr. Speaker, the Minister of National Revenue (Mr. Garland) presented a statement indicating some of the matters presently in the Excise Tax Act and the budget resolutions. Last evening the hon. member for Perth (Mr. Monteith) indicated

that this was at variance with the legislation and the budget resolutions. In fact, Mr. Speaker, the minister's statement simply outlined the position as it exists and I was rather surprised that the hon. member for Perth, himself a chartered accountant, was not aware that the exemptions indicated by the minister were written into the statute many years ago and have not been changed in any way through the budget resolutions.

Finally, I should like to say that in my opinion this is a good budget. It is a bold budget and it is a budget which faces up to tackling some of Canada's basic problems. I am sure that other measures will be taken towards the avowed aims of this budget and, Mr. Speaker, I believe they will be taken by this government, which is determined to solve these serious problems.

(Translation):

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, the events surrounding the budget speech have gravely shaken the structures which make for good life in this country of ours.

The Minister of Finance (Mr. Gordon), in the partisan innuendos of his budget speech, clearly charged the Conservative government of deteriorating the confidence of England and the United States in Canada.

The fact that a tax was imposed and then withdrawn on the purchase of Canadian stocks by foreigners has certainly not enabled the Liberal party to regain that confidence Canada had lost.

As a matter of fact, this has only contributed to aggravating the strong feeling of insecurity across the country. It is also apparent that Canadians have less and less confidence in the future of our country, our institutions and themselves.

People are becoming aware that neither the government nor leaders in other fields have been able to assess the actual problems of the day and to try to solve them. On the other hand, you see all sorts of slightly cracked individuals get front page coverage in the papers, top billing on radio and television, to offer us incredible universal remedies; these self-appointed oracles should rather rank among "fools on the market place".

Undoubtedly, most of the hon. members are under the impression that Social Credit is simply a money and credit theory. This is a serious mistake, for Social Credit is much more than that; it is a philosophy of life based on the respect of man and his freedom of enterprise, two things tending to disappear from our country at the present time.

And, Mr. Speaker, let us not forget that Social Credit is not just a theory. And even if its theories can only be implemented in part, Social Credit philosophy is the basis of the two best provincial governments we have at the moment, that of British Columbia and that of Alberta. And the overwhelming victory scored recently by the Manning administration in the latter province abundantly supports this fact.

And outside those two areas, the sixties have been characterized by a lack of philosophy and intellectual confusion among the leaders, in the political field as well as in others.

The people feel that insecurity and they are concerned; it is time our political leaders realized it.

Mr. Speaker, I should like to give a few examples. On April 19, 1961, speaking in Sarnia, the then prime minister, now the Leader of the Opposition, said that the nations should get together in order to produce a philosophy they could support. Unfortunately, he was unable to find a formula that would hold its own against communism. Even the leader of the opposition of that day, the present Prime Minister, whose reputation is so well founded in the field of international affairs, did not see fit to take up the challenge. Even less the loudmouths who have a solution to every problem under the sun.

What happened? Has communism disappeared? Has it ceased being a threat? In my opinion, Mr. Speaker, the communist threat is greater and nearer than in 1961 and yet I challenge you to find a political leader, apart from the leader of the Social Credit party, who has made one sensible speech on communism during all that time.

And, Mr. Speaker, what leadership has the present government given on this problem as on many others? The people of Canada are surely aware of that because, in three elections under the leadership of the present Prime Minister, the Liberal party has failed to show them on what principles its program was based.

In my own province, we have had a few elections these past years and there has been a complete change of government. The Union Nationale party, after dominating the people at will during almost 20 years, was defeated. And one of the main factors which led to this change is not without importance. Two clergymen wrote a philosophical treatise to the effect that public and political morals were in contradiction with Christian philosophy.

There is no doubt that this forceful publication has decided the people to give to the provincial Liberal party a mandate to govern according to the principles of Christian philosophy. Unfortunately, the Liberal party soon forgot this and the two clergymen have taken another direction.

It is obvious that the people in Quebec were right and that their thinking was sound because, according to the most brilliant contemporary thinkers, the civilization and culture of a people are fundamentally and closely related to religious concepts. And in Quebec, as in the rest of Canada, for that matter, the basis of our religious beliefs is of Christian or of Jewish-Christian origin.

We would have liked the political leaders of our province to understand the meaning of their mandate and decide to endorse it adequately. But nothing of the sort happened, Mr. Speaker, and I challenge you to find any political leader in Quebec at present, or any of the so-called press, radio or television experts who have the blessing of the political leaders, who have made statements based on Christian ethics or related thereto.

The reason I mention these things, Mr. Speaker, is that the presentation of the budget may have very significant effects in the province of Quebec. And the harm that results on both sides could be prevented or reduced if Christian principles were applied. For instance, who would dare to say: What can Quebec bring to Canada or even to the world? Or: How could the federal government enable the province of Quebec to make a more efficient contribution to her own citizens and to the rest of Canada?

After all, it is Christian charity which bids us to love and to give, not to command and to take.

(Text):

In similar vein, Mr. Speaker, we hear prattling of culture or biculture, but no evidence that this culture has any basis of value, of Christian value, which is the only culture the people of Quebec can possibly possess, and must be possessed in common with most of the people of the rest of Canada.

We recently have had the sad spectacle of the F.L.Q.—poor, mixed up pawns—the shocking fruit of all those politicians, political writers, and speakers, Christian, socialist, atheist or what have you, most of whom are gathered under the separatist heading. To what extent the communists are behind the movement is difficult to say, but obviously this fits in with communist thinking. Of course communism has difficulty in a prosperous country, but the bombs were scaring away potential investors in the province, and continuance of bombing doubtlessly would have upset the economy.

On this matter, Mr. Speaker, I would like to quote, from a dispatch of Canadian Press last year, the words of Rev. Conrad Côté, ejected from Cuba, who said:

> When we realize the game Russia is playing, anything is possible.

He explained that a recent manifesto called for communist indoctrination where

> —favourable conditions exist . . . for the formation of an independent state of national democracy.

Father Côté said a Quebec secessionist movement advocating creation of a "Laurentian republic" can be "explained within the terms of the manifesto".

> Imaginary enemies will be thrown before French Canada . . . and eventually it will be led to put its neck in a noose.

Although, Mr. Speaker, a few well respected and well learned priests are preaching actual separation, it seems to me that the separatist theory and principles are almost diametrically opposed to the Christian concept and the brotherhood of man, and completely opposed to the appeal made by the late Pope John XXIII two years ago, when he called on the Catholics of Europe to work towards the realization of European unity.

I quote from *La Presse*:

(Translation):

> To build gradually the European unity, it is necessary to beat isolation and narrow nationalism. Only hearts and minds united in the same faith and love can result in such a community.

The recent death of Pope John XXIII was a great loss for the world. And I think, Mr. Speaker, that all hon. members, regardless of their religious beliefs, will admit that he did a lot to change and improve contemporary thinking. Incidentally as the hon. member for Montmagny-L'Islet (Mr. Berger) said, I believe I express the views of many when I suggest in all deference that it is about time our country set up a Canadian embassy at the Vatican. John XXIII is the author of two encyclicals Mater et Magistra and Pacem in Terris which are considered by the whole world as the most comprehensive and most searching documents on modern social and political thinking.

Such writings are studied and commented upon everywhere, here and abroad, but unfortunately, their practical consequences do not seem to interest our national or Quebec leaders. Of all the aspects of Quebec's political evolution, very few were related so far, closely or even loosely, to that type of philosophy. To the contrary, we hear today revolutionary principles which run counter to the usual pattern of thought in this country.

Speaking as a physician, I would be tempted to say that a revolutionist is often a peculiar man, I nearly said a peculiar patient.

Very often, he is riddled with feelings of insecurity, or with an inferiority complex, because he has been deeply wounded some time in the past and nurtures, without even knowing it, feelings of revenge and of destruction. Castro and Che Guevera are men of that ilk.

It is unfortunate that such types may be found in Quebec, as well as in the rest of Canada. It may be encouraging to know that they are few in numbers but it should not be forgotten that they have a fighting spirit and that they hold great attraction for the masses.

I expect certain progressive minds to ridicule me and to accuse me of witch hunting but I would like you to know, sir, that I feel in good company since I have the support of people who follow the principles of Christian philosophy.

Naturally, the few remarks I made a moment ago apply neither to the serious-minded and conscientious reporters of the press gallery nor to the responsible philosophers and theologians from Quebec and the whole of Canada who keep constant watch on the situation to increase our national inheritance but who prefer to remain out of the public eye. In my opinion, they deserve our thanks for their great contribution to the Canadian community.

To come back to the budget, Mr. Speaker—although my digression served to emphasize the complexity of the federal-provincial fiscal relations—I can tell you that the people of Quebec were quite surprised to find out that Messrs. Lamontagne, Sauve, Tremblay, Pepin and others failed in their efforts to convince the Minister of Finance of our province's urgent needs.

I should like to take this opportunity to make a bitter reproach to the premier of the province of Quebec, the Hon. Jean Lesage. During the last election campaign, contrary to all the traditions in that respect, he sided officially with the federal Liberal party and he stated that the latter was Quebec's best guarantee of a fair treatment. Now, the present budget bears witness to the fact that Mr. Lesage misinformed the people of our province. Either he knew what the present government held in store for them or he did not know. If he did, he had no right to deceive the public with hopes which now appear to be utopian. If he did not know, he had no more right to mislead them for purely political considerations.

I should also like to point out that Quebec already levies 17 per cent of the personal income and that with just another 8 per cent, it will make the 25 per cent requested.

No matter what difficulties are involved, it is absolutely necessary that a government for the people and by the people agree to give back to the provinces all the privileges guaranteed to them by the B.N.A. Act, as recommended in the Tremblay commission report.

I do not see why it should be necessary for the central government to have all the sources of taxation in order to exercise an influence on the Canadian economy, as said the Minister of Finance.

Here, Mr. Speaker, I should like to quote the Hon. Jean Lesage who, when he was federal minister of northern affairs and national resources stated, as reported in the Quebec paper *L'Action* of June 7, 1957:

> No matter what is said, there is not in Montmagny a single labour problem which comes under federal jurisdiction.

He seemed to indicate that the question of unemployment was a responsibility for Quebec. And nowadays, he tries to prove that all Quebec misfortunes are caused by the federal government. It would have been better for this man, when he sat in this house, to demand Quebec rights instead of asking for their transfer in Ottawa. Besides, when you consider that the President of the Privy Council (Mr. Lamontagne), the member for Outremont-St. Jean still has his nose in those fiscal matters, you must admit that there is nothing too reassuring for Quebec.

Mr. Speaker, I should like to say a few words concerning the royal commission on bilingualism and biculturalism. It should be recalled that the inquiry made by the Liberal government in 1955 gave absolutely nothing. At the most, it benumbed the hon. members of that time, who were quite happy because they did not have to voice stronger demands for their compatriots. The government should immediately proceed with it, because, as the hon. member for Îles-de-la-Madeleine so rightly said in the house on May 22 last, and the hon. member for Outremont today—French Canadians know where the errors lie and cannot wait for the results of such an inquiry.

I also want to stress that, contrary to certain press reports, the "Gregoire commission" is not a royal commission and that, when I referred to the inefficiency of the so-called commissioner, I meant that, during

an investigation other than on bilingualism, he had proved, without doubt, that he had not succeeded in making great discoveries. Mr. Speaker, I would like briefly to mention the new sources of revenue in which the Minister of Finance thought it fit to dabble, in order to try and reduce his budget deficit.

May I point out that it is ten o'clock, Mr. Speaker?

(Text):

Mr. Deputy Speaker: Order. Shall I call it ten o'clock?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder whether I could just say a word about the business of the house for tomorrow. Hon. members are aware that tomorrow, being Wednesday, there are written questions and notices of motions for production of papers, which take up quite a considerable time. The government would be quite happy if there could be unanimous consent to put off those two orders until Thursday so that there would be a greater opportunity for hon. members to participate in the closing day of the budget debate. We would also be quite willing, without in any way sacrificing the rights of any private members, to have the private members' hour postponed until a later day and have the vote at a quarter to six instead of a quarter to five. I believe that by doing this every party in the house and their members on the Speaker's list would have an opportunity of participating in the debate before the vote would be reached.

I had some conversation with hon. gentlemen opposite on this matter. I cannot say there has been agreement on that but I feel, none the less, that I should like to put the suggestion to the house. If there could be agreement on it either tonight or before we start the proceedings tomorrow, it seems to me it would be much fairer to all concerned. I might point out that the only party which would lose anything would be the government party, which would be taking the time on Thursday for a proceeding that would normally come tomorrow; and, of course, it would mean another private members' hour later in the session. I thought I would like to see what the sense of the house would be.

Some hon. Members: Agreed.

Mr. Churchill: Mr. Speaker, on the face of it perhaps the suggestion has some merit, but my opinion is that things of this nature should be settled behind the curtains, behind the Speaker's chair, and not raised as a matter for discussion. Under these circumstances, particularly in view of the fact that I have already apprised the house leader that his suggestion has been very carefully considered by us, for a number of reasons we are of the opinion that we should follow the normal course of proceedings. Wednesday can be protracted with written questions and notices of motion for production of papers; it can also move very quickly if answers are produced speedily without argument. We think that there is no need to extend a debate which has now gone for five days, and it is rather unusual for a government to ask to have a debate extended. We ourselves are not asking for that, yet in fact we may have more to say on the budget debate than people on the other side. But in any case, having considered the matter very, very carefully, we prefer to carry on with the normal order of business.

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

APPENDIX

LETTER TO PROVINCES RESPECTING PENSIONS

CANADA

PRIME MINISTER—PREMIER MINISTRE

June 20,1963

The government has placed before parliament a resolution on contributory old age pensions as the first step in implementing a comprehensive Canada-wide pension program. A copy of this resolution is enclosed for your information. As soon as the bill has been presented to parliament, copies will be forwarded to you so that you may be acquainted fully with the details of the Canada pension plan which the government hopes will receive the approval of parliament.

The new plan is designed to overcome shortcomings in existing federal pension provisions. Benefits from this plan, related to previous earnings, combined with the existing flat rate pension, will enable Canadians to retire in reasonable security. Pensioners will be afforded the option of obtaining an adjusted pension from age 65.

The advantages of a comprehensive federal plan of this kind include, of course, the fact that it alone can assure full portability of pensions and can enable earnings-related pensions to be paid on a full scale after a relatively short transition period.

However, implementation of the Canada pension plan will not in itself be sufficient to meet a number of other closely related problems. The provision of benefits for widows below pension age with dependant children, for orphans and for disabled persons are matters of mutual concern for federal and provincial governments. Since the inclusion of these benefits in a federal program would raise jurisdictional questions they are not a part of the proposed Canada pension plan.

While many provincial governments indicated to my predecessor their willingness to have the jurisdictional question clarified, in my opinion this is an area which requires full consultation and discussion between federal and provincial governments, in order that a satisfactory approach can be worked out. Provincial governments will want to know in some detail what the federal government has in mind with regard to such ancillary benefits. The whole question of joint federal-provincial program in the field of old age assistance and disability allowances is also involved. The time required to explore these various possibilities, however, need not delay immediate steps for the improvement of benefits for our older citizens.

While the benefits under the proposed, new federal plan will be relatively generous, there will continue to be an important place for private pension arrangements. These pension arrangements now afford many industrial workers a considerable measure of protection. However, the growth of such plans has brought to the fore a number of special problems. The absence of vesting of employer contributions interferes with labour mobility. The lack of assurance that contributions are set aside for future retirement, when an employee leaves a firm, tends to weaken the effect of such schemes in making adequate provision for retirement benefits. The solvency of private pension plans also continues to be a concern.

Questions such as these have led several of the provincial governments to give consideration to supervision of private pension plans in order to ensure that certain basic standards are met.

Ontario now has legislation designed to achieve these objectives for private pension plans within its jurisdiction. The federal government's interest in this field relates to federal employees, to employees of companies coming within federal jurisdiction, and to reciprocal arrangements which may be necessary for any interprovincial and federal-provincial aspects of this question. The Canada pension plan which parliament will soon be considering will complement any efforts of this nature to ensure portability and solvency of private pension plans.

It is apparent that these matters are of special concern to our respective governments and I would like to suggest that they be the subject of federal-provincial discussions as soon as possible. I would appreciate your letting me know, at your earliest convenience, whether such discussion is acceptable. In the light of this information, I hope shortly to suggest the earliest possible date which seems to be generally convenient for a meeting of ministers.

The development of more equitable programs of social welfare measures both now and in the future is a matter of mutual interest. We hope that the discussions proposed will be a constructive means of achieving common objectives.

Yours sincerely,

L. B. PEARSON.

HOUSE OF COMMONS

Wednesday, June 26, 1963

The house met at 2.30 p.m.

(Translation):

PRIVILEGE

MR. LANGLOIS—REFERENCE TO ABSENCE OF MEMBER FOR VILLENEUVE

Mr. Raymond Langlois (Megantic): I rise on a question of privilege, Mr. Speaker. I wish to make a corrective statement concerning an article published in *La Presse* of June 25, 1963, entitled:

Third parties finally bury Gordon affair.

The article, written by Mr. Jean Charpentier, accused the hon. members for Red Deer (Mr. Thompson), Lapointe (Mr. Gregoire) and Villeneuve (Mr. Caouette) of having been conspicuous by their absence when the vote was taken last Monday evening on the Gordon affair, the budget and the amendment.

In that article, it is insinuated that the hon. member for Villeneuve was out of hospital but had not come to vote. I merely wish to point out that the hon. member for Villeneuve was still in hospital at that time and, consequently, not in this house.

(Text):

COAL

CONTINUATION OF SUBVENTION POLICY FOR FIVE YEARS

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): Mr. Speaker, one of the most urgent matters awaiting attention on my appointment has been the situation of the Canadian coal industry. This problem must and will have the most careful and immediate consideration, but it has appeared necessary that some steps be taken now that will end the uncertainty of the last few years and provide stability for a reasonable time.

It is the intention of the present government to introduce during this session legislation that will provide assurance to the coal industry that the existing subvention policy shall be continued for five years. This does not imply that there will be drastic change at the end of the period. It does mean that during this interval the problems will be studied seriously, including the past history and the future prospects of the industry, and the government will develop and apply such policies as may seem appropriate.

There have been substantial changes in the market for coal in recent years. Large industrial consumers have replaced the railways and householders as the major outlets. These large consumers demand stability in their fuel supply, and assurance of this stability has been offered by competitive fuels. A very large proportion of the output from western and eastern Canadian mines has required subvention assistance to find markets, and this assistance has in the past been provided only on a year to year basis through an item in the estimates in our department. It is clear that if the mines are to be maintained in operation some assurance must be provided that will put them in a competitive position in this industrial market.

The coal industry is today in a more healthy condition than it has been for some years. While production has not increased, there is full time operation in most of the remaining mines with the accruing benefits of full employment and stable wage agreements that are necessary. This provision of continued support is assurance to the miners, their families, the dependant service industries and to the mine owners that they can look forward with confidence to a continuation for some years of these present conditions.

Representations urging a decision of this kind have come to me since my appointment from coal producing companies and the employees' unions in both eastern and western Canada.

Hon. Paul Martineau (Pontiac-Temiscamingue): I am sure, Mr. Speaker, that we on this side welcome the announcement the minister has just made. We also take note of the fact that he declared that the situation of the coal industry was rather healthy. If that is so, I believe it is due to a large extent to the far sighted policies that were instituted by the former administration. I am sure the minister will be the first to acknowledge that.

During my rather brief tenure of office as minister of mines and technical surveys I had occasion to make a few statements in the house concerning coal subsidies, and particularly in respect of subsidies on coal exported to Japan. As a result of that policy instituted in 1958 our coal exports to Japan, which were practically nil in 1957, reached three quarters of a million tons during the last fiscal year. The industry has acknowledged that this was made possible because of the subsidies paid.

Continuation of Coal Subvention

We welcome the statement that the subsidies will be paid for five years. This provision is in line with the thinking of the former administration, and I believe it will be of great benefit to the coal industry. We will look forward with interest to the legislation the minister has announced. I believe it will prove to be a continuation of that policy of assistance which was one of the features of our administration.

Mr. H. A. Olson (Medicine Hat): All I wish to say in respect of this announcement is that we in this group welcome the statement that legislation will be introduced to continue the subvention policy for five years. We believe that this will, at least in some degree, remove the uncertainties that exist in the coal mining industry as to markets. We welcome the legislation and hope it will have a beneficial effect on this industry.

Mr. M. W. Martin (Timmins): I should like also, Mr. Speaker, to express the appreciation of this party on the fact that this government is apparently going to continue this subsidy for five years instead of having it on a yearly basis as it was in the past. I feel that this is an excellent direction for this government to take. It is going to give a great deal more stability in the areas depending on coal mines than they have had in the past. I hope, too, this is an indication that the government is going to adopt this policy not only for the coal industry but also for various other industries which in the past have suffered from this same sense of instability.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

B.C. INDIANS HOSPITALIZED

Question No. 251—**Mr. Howard:**

For each month since January 1, 1961, how many Indians, by band, of which each was a member, in the (a) Terrace Indian agency (b) Skeena Indian agency (c) Babine Indian agency (d) Bella Coola Indian agency (e) Burns Lake Indian agency (f) Queen Charlotte Indian agency, have been hospitalized, in which hospital, and for what ailment?

He said: I wonder if, as a result of correspondence and discussions I have had with the parliamentary secretary to the minister, I might be permitted to withdraw this question.

Some hon. Members: Agreed.

Question withdrawn.

[Mr. Martineau.]

(Translation):

COMBINES—REPORTS RESPECTING PAPERBOARD CONTAINERS

Question No. 277—**Mr. Perron:**

1. Since 1960, has the restrictive trade practices commission submitted reports and recommendations on certain firms specializing in the production, sale, and distribution of container and packaging cardboard and allied products?

2. At the time of the investigation, what were the names of the various firms involved in this investigation and what were the names of the directors and executives of each firm?

3. What recommendations were made by the commission in connection with this investigation itself, and with respect to each of the firms concerned with the investigation?

4. Has the Department of Justice implemented the recommendations made by the commission?

5. Does the government intend to implement these recommendations?

6. Has the Minister of Justice consulted with the Minister of Finance and the Minister of National Revenue on the adoption of measures designed to eliminate any harmful effects dealt with in the said reports?

Mr. Macdonald: 1. Yes, on August 2, 1962, the commission on restrictive trade practices submitted the following reports to the Minister of Justice:

A report on the manufacturing, distribution and sales of paper shipping containers and allied products.

A report concerning the purchase, by Bathurst Power and Paper Company Limited, of Wilson Boxes Limited.

A report concerning the purchase of the common shares of Hendershot Paper Products Limited, by the Canadian International Paper Company.

2. Each of the preceding reports, copies of which are sent herewith (in the English version, as the printed French version is not yet available), reveals the names of the persons and companies against whom allegations were made in the evidence. The names of all the managers and directors of each firm are not revealed in the reports; but those of some persons, and the positions occupied at certain times are mentioned in the reports and can be found in the appropriate context.

3. A report concerning the manufacture, distribution, and sales of paper shipping containers and allied products:

(1) "Concerning the agreements that resulted in the fixing of common prices on paper for packing cases and shipping containers, we believe that, under the Combines Investigation Act, it will be possible to ask for a court order preventing those who are taking part in such agreements from keeping them or restoring them later under the same or a modified form. Because of persisting efforts in view of agreements on maintaining a common price for longer periods of time, under

whatever form, the commission thinks that a request should be made, under the Combines Investigation Act, for a sufficiently restrictive order prohibiting the joint employment by the parties to the agreement of any person or any private organization concerned with matters connected with sales prices, cost prices or statistics."

(2) That the most efficient way to restore competition to that industry, as far as production of paper board and containers is concerned, which would be advantageous to the public as it would reduce prices, would be to suppress customs duty both on the paper board and the containers, in the light of the financial situation which existed at the time this report was prepared.

The commission thought that, on the basis of jurisprudence, none of the mergers involved a violation of the Combines Investigation Act. However, it expressed the hope that "in the near future a review will be made of the matters raised by those rulings of the appeal courts, more particularly the Supreme Court of Canada, in order that they may be finalized."

Report on the purchase of Wilson Boxes Limited by Bathurst Power and Paper Company Limited:

The commission felt that on the basis of jurisprudence, this merger was not in violation of the Combines Investigation Act.

In the report concerning shipping containers, the commission recommended that appropriate changes be made in the Customs Tariff to restore competition in the supply of paper board and shipping containers. Such recommendations would also be relevant to this investigation.

Report on the purchase of the common shares of Hendershot Paper Products Limited by the Canadian International Paper Company:

The commission was of the opinion that on the basis of jurisprudence, this merger was not in violation of the Combines Investigation Act.

In the report on shipping containers, the commission recommended that certain amendments be made to the Customs Tariff which in its opinion would protect the public against needlessly high prices both on paper board and shipping containers, which would contribute to eliminate restrictions which inevitably apply to the supply of packing board when a predominant part of the packing board production in Canada is carried out by integrated companies and is used in their own converting operations. The commission feels that the recommendations made in connection with the investigation on shipping containers are relevant to this investigation.

Questions

4. The report concerning the manufacturing, distribution and sales of paper shipping containers and allied products was submitted to counsel and after thorough consultation, counsel was instructed to enter lawsuits.

5. The recommendations in the reports are under consideration and any decision in that connection will be announced the usual way.

6. As soon as the report was published, it was submitted to the Department of Finance.

(Text):

*ARMED FORCES—CONSIDERATION OF IDEOLOGICAL BELIEFS

Question No. 290—**Mr. Fairweather:**

Does the Department of National Defence consider the ideological beliefs of relatives when recruiting or promoting people in the armed forces and, if so, what degree of relationship is considered, e.g., relationship by blood or by marriage?

Mr. Hellyer: The Department of National Defence since 1955 has followed a general directive of the government of Canada on security clearances required of personnel who are liable, as an incident of their service, to have access to secret information belonging to Canada or our allies. The government is at present reviewing the criteria to be applied to such security clearances.

BUILDINGS LEASED, NEW WESTMINSTER, B.C.

Question No. 300—**Mr. Mather:**

Does the federal government lease any buildings in the city of New Westminster to house departmental branches and, if so, (a) what branches (b) what is the name of the owner of the buildings (c) what is the annual rent paid in each case?

Mr. Dupuis: Yes; (a) Royal Canadian Mounted Police; (b) Kenneth G. Bosworth, and province of British Columbia; (c) $6,900 and $1,401 respectively.

C.N.R. WATERFRONT CONSTRUCTION, FORT WILLIAM, ONT.

Question No. 305—**Mr. Fisher:**

1. How many years is it since the Canadian National Railway undertook any building along the property of the waterfront in the city of Fort William?

2. In any of the property held in the city of Fort William by the C.N.R. as a consequence of its own purchases or the taking over of concessions and lands from its predecessor railroads, what covenants, if any, were given to the city of Fort William that developments of an industrial or transportation kind would take place on these properties?

3. Has the C.N.R. had any recent discussions, face to face, with the civic authorities in Fort William regarding these covenants and any procedures that might be followed to open up this land to some kind of a development and, if so, when, by whom, and to what effect?

Questions

4. Has the Canadian National Railway undertaken with the Canadian Pacific Railway any discussions in order to develop a common switching pattern in the service to the harbour and waterfront in the cities of Fort William and Port Arthur and, if so, has any schedule or plan of proceedings or meetings been set up in order to reach some kind of hard agreement that would be beneficial to the railways and to the users of rail services along the harbour front of Fort William and Port Arthur?

Mr. Cantin: The management of Canadian National Railways advise as follows:—

1. The last construction on the Mission property at Fort William was the rebuilding of shed No. 2 in 1930.

2. No covenant was made regarding development for industrial purposes. The Grand Trunk Pacific Railway did agree to construct certain terminal facilities on the 1,600 acres purchased from the department of Indian affairs and a commitment was also made to construct a bridge. Both of these commitments were fulfilled and the bridge is used generally by the public.

3. Canadian National industrial development officers have continued to keep in touch with the industrial development people in Fort William and industrial development people in other points served by Canadian National, respecting possible new industrial development projects. Recently on May 23 the Canadian National manager of industrial development at Winnipeg and the Canadian National industrial agent at Winnipeg met with members of the Fort William industrial promotion committee. The railway industrial development representatives have indicated to the Fort William industrial promotion committee that while naturally Canadian National is primarily interested in the location of new railway freight traffic producing industries, nevertheless the railway can be depended upon to take the broad view with respect to any industrial project interested in the area, or any other Canadian National served areas, even though these may not promise direct railway freight traffic benefit. So long as these offer promise of reasonably substantial development and economic benefit to the community as a whole, the railway is interested in seeing such industrial development projects come to fruition.

4. There have been no discussions with the Canadian Pacific regarding the development of a common switching pattern in the harbour and waterfront areas of Fort William and Port Arthur and present switching arrangements are not considered detrimental to industries. Many industries now enjoy free interswitching from both railways and this is true of those located in the Mission area of Fort William.

[Mr. Fisher.]

C.N.R. TRACK MAINTENANCE, ATLANTIC AREA

Question No. 340—**Mr. Muir (Cape Breton North and Victoria):**

1. Does the management of the Canadian National Railways propose to inaugurate a new system of track maintenance in the Atlantic area and, if so, what changes will be made, and will there be any reduction in the number of men used for maintenance of way crews in the region?
2. If there is a reduction in maintenance of way crews, what special steps will be taken to ensure the same degree of safety?
3. If there is a reduction in staff, what protection will be given present employees in regard to job security?

Mr. Cantin: The management of Canadian National Railways advise as follows:

1. Track maintenance procedures are constantly under study in view of improved work methods and general improvements to the road property.

2. There is no intention to alter the high standard of maintenance and safety.

3. See answer to No. 1. Generally it can be stated that individuals exercise seniority within their respective groups in accordance with existing wage agreements and the railway makes every effort to find alternate employment for men who may be affected by any changed conditions.

SECOND TRANS-CANADA HIGHWAY

Question No. 404—**Mr. Willoughby:**

1. What consideration is being given to the immediate co-ordination of a highways development scheme in co-operation with the various provinces?
2. Is it anticipated that such co-ordination could lead to a second trans-Canada highway?

Mr. Badanai: 1. Individual discussions have been held recently with some of the provincial highways ministers, and invitations for similar talks are going forward to the balance of them. As a result of these discussions, the government will be in a position to give consideration to future policy and to the possibility of calling a federal-provincial highway conference on the matter.

2. This is a matter of government policy to be determined following the developments outlined in part 1 above. At the present time, no decision has been reached.

POWER SUPPLY, INDIAN AGENCY BUILDINGS, NORWAY HOUSE, MAN.

Question No. 408—**Mr. Stefanson:**

Did the Department of National Health and Welfare and the Department of Citizenship and Immigration enter into a joint agreement with Manitoba hydro for the generation and supply of electric power to the Norway House Indian hospital and ancillary buildings on Fort island as well as the supply and distribution of electric

power to serve the Indian schools and miscellaneous agency buildings in Norway House agency, and, if so, (a) on what date was authority given to enter into such an agreement (b) which, if any, federal government assets were transferred to Manitoba hydro (c) will Manitoba hydro supply power to all the federal government buildings and also engage in direct sale of energy to consumers in the Norway House area at a reasonable rate per k.w.h. (d) will power be made available to all local residents and businesses (e) has Manitoba hydro commenced work on distribution lines (f) how many, if any, local people are employed or will be employed on the project (g) when is the project scheduled to be completed?

Mr. Munro: Yes.

(a) March 18, 1963, by treasury board minute.

(b) Department of National Health and Welfare 2 60KW diesel generators; 5 oil storage tanks and related equipment.

Department of Citizenship and Immigration all transformers, poles, conductors and related line materials from existing system.

(c) The Manitoba hydroelectric board has agreed to supply electric power service at Norway House to all government buildings of the Department of Citizenship and Immigration and the Department of National Health and Welfare.

The Manitoba hydroelectric board further agrees that if, as, and when a sufficient number of consumers have signed applications for service to justify constructing a distribution line to serve them, such service shall be made available to consumers at Norway House. The rates for consumers will be established by the Manitoba hydroelectric board.

(d) See answer to (c).

(e) No. Actual work has not commenced, but according to information received, tenders for powerhouse materials have been obtained and are now being considered by the Manitoba hydroelectric board.

(f) It is not known how many local people will be employed when the project is commenced. However, the clearing of rights of way will be done by local labour.

(g) Barring unforeseen delays, project is scheduled to be completed by December 15, 1963.

WORLD FAIR SITE

Question No. 440—**Mr. Valade:**

Has the Minister of Public Works definitely accepted St. Helen's island as the official site for the world's fair?

Mr. Deschatelets: Stand.

(Translation):

Mr. Georges Valade (St. Mary): Mr. Speaker, considering that questions No. 440 and No. 449 deal with the same matter and are topical, we should like to know the government's intentions respecting the Montreal world fair.

(Text):

Mr. Speaker: I am very sorry, but at this time it is not customary to intervene. Perhaps the hon. member would take this up directly afterward.

Question stands.

CORPORATE MERGERS IN CANADA

Question No. 461—**Mr. Fisher:**

1. Does the combines investigation branch take an interest in corporate mergers in Canada and, if so, how long has this interest existed?

2. How many mergers have taken place in Canada since this interest was accepted as a responsibility?

3. By type of operation (e.g. mining, textiles, oils, chemicals) how does this merger total break down?

4. What has been the total of corporations wiped out by mergers in this period?

5. In total, are there more or fewer corporations and companies in existence now than before the combines investigation branch began its work?

6. What has been the total of corporate assets absorbed in such mergers?

7. Has the branch any statistics on mergers, in the form of whether they are horizontal or vertical in kind and, if so, is there any trend discernible toward one or the other kind in recent records?

Mr. Macdonald: 1. The prohibition against mergers contrary to the public interest has been contained in the Combines Investigation Act since it was originally enacted in 1923. As the director and his predecessors have been charged with enforcement of the act, an interest in corporate mergers has existed since that date.

2. There is no material published by either the restrictive trade practices commission or the combines branch containing such information. As stated in the annual report of the director of investigation and research for the fiscal year ended March 31, 1962, however, a general or research inquiry is being conducted under section 42 of the act relating to mergers in Canada in the post-war period. The inquiry is still in progress. As the house is aware, it is not the practice to disclose information obtained by the director in an inquiry unless and until it appears in a published report.

3. Answered by No. 2.

4. Answered by No. 2.

5. Answered by No. 2.

6. Answered by No. 2.

7. Answered by No. 2.

CIVILIAN SURVIVAL IN NUCLEAR ATTACK

Question No. 463—**Mr. Fisher:**

Does the government consider that in the event of a nuclear attack on North America there will be a definite problem of civilian survival and, if so,

does it consider this as a problem, equivalent in both expenditure and planning, as the military problem of meeting the attack?

Mr. Davis: Yes; it is a problem requiring planning and expenditures but not on the scale required to meet and to deter a military attack.

SURVIVAL SHELTER CONSTRUCTION PROGRAM

Question No. 464—**Mr. Fisher:**

1. Is a massive program of fall-out and survival shelter building part of the government's policy, and, if so, what steps are planned to implement it?
2. If not, what alternatives does the government foresee to such protection in the event of a nuclear attack?

Mr. Davis: 1. The government's policy to date has been to acquaint Canadians with the facts regarding the nuclear threat and the importance of shelter as a protection against fall-out. A comprehensive program of public information has been used, including the provision of shelter plans of many types, among which there are a number of inexpensive but effective ones. This has been coupled with financial assistance by way of loans under the National Housing Act. This has all been directed to the objective of individual and family effort to provide added protection at home. Any Canadian, on request, can get promptly information set out in readily understandable terms, covering shelters suitable to a great variety of needs and including readily improvised shelter as well. Even the simplest of these arrangements can reduce the fall-out danger markedly.

No government program to build shelters for families, groups or communities has been undertaken.

2. The present government is studying the various possible policies in regard to shelters.

CAVES AND UNDERGROUND CHAMBERS AS SURVIVAL SHELTERS

Question No. 465—**Mr. Fisher:**

Has the emergency measures organization made a survey of caves and underground chambers in Canada with a view to determining their fitness as survival shelters and, if so, how many such caves and underground chambers has it found in the ridings of Port Arthur and Fort William?

Mr. Davis: In 1962 the Department of Mines and Technical Surveys conducted, on behalf of the emergency measures organization, a survey of all active mines, and some inactive mines of the adit type, which were readily accessible. In considering mines as potential fall-out shelters the most important factors are access, habitability, and proximity to population centres. The survey did not include caves since large caves are normally not suitable for the accommodation of people for any length of time. Operating mines were selected for survey because they have pumps, hoists and ventilation equipment available for use. Except in the case of mines of the adit type, no consideration was given to abandoned mines mainly because of inaccessibility, but also because of the expense required to make them usable. From an engineering viewpoint it would be feasible to use some mines as fall-out shelters.

Five mines in the ridings of Port Arthur and Fort William have been found to have characteristics that may be of the sort needed for fall-out protection for sizeable numbers of people.

WATER SUPPLY IN NUCLEAR ATTACK

Question No. 466—**Mr. Fisher:**

1. Has the government provided for supplies of water across Canada which will be protected from contamination from radioactive fall-out in the event of nuclear attack and, if so, what has this program cost?
2. If not, what source of supply of water does athe government recommend for survivors of a nuclear attack?

Mr. Davis: 1. No. The provision of water safe for human consumption is a public health matter and responsibility for it lies with the provinces and municipalities.

The government, through emergency health services and the emergency measures organization, provides advice to provinces and municipalities in respect to the following factors concerning wartime contamination of water by radioactive fall-out:

(i) it recommends, as standards applicable in wartime, levels of contamination beyond which water sources should not be used;

(ii) it recommends methods of testing water in regard to these standards;

(iii) it provides information on the techniques for decontaminating water;

(iv) it is providing an operating manual for water-works engineers for the management of water contaminated by radioactivity in water systems;

(v) it has provided, through planning pamphlets such as "11 Steps to Survival" recommendations as to the storage of water in homes as an emergency measure;

(vi) it provides lectures in the emergency health services courses such as those for public health officers, sanitary inspectors and sanitary engineers, dealing with the contamination of food and water and providing advice on techniques for decontaminating such supplies.

Provincial or municipal projects for establishing safe sources of water as part of emergency planning for nuclear war may be eligible for assistance under the financial assistance program. One such proposal accepted under this program was a by pass

pipeline in connection with the Vancouver district of Delta reservoir. This project adds considerably to the reliability of the water supply. The total cost of this project was $1,888 of which the federal share was $1,416.

Additionally, some private organizations had taken steps to provide safe wells for their own use in emergencies.

2. (a) Any source of water in covered storage; (b) water originating in bored well; (c) rivers, since they are capable of self-decontamination. Relatively soon after attack the level of radioactive contamination of rivers may be so small as to be acceptable.

It should be understood that the emergency of nuclear war may make it necessary to accept somewhat higher levels of radioactive contamination for short periods than would be acceptable over long periods in peacetime.

PREFERRED TYPES OF SURVIVAL SHELTERS

Question No. 468—**Mr. Fisher:**

1. Has the government arrived at a decision on (a) what is the best type of individual survival shelter in the event of a nuclear attack (b) what is the best type of community shelter?
2. If so, what steps, educational and financial, has it taken to ensure the proliferation of such protection?
3. What success or response has come to these efforts?

Mr. Davis: 1. (a) and (b) The government has provided, over several years, thorough research into the matter of the best types of shelter for Canadians having in mind the conditions likely to affect this country in nuclear war. From this, designs and structures have been developed, both with respect to home shelters and to the congregate or community type. The designs for such shelters have been published in convenient pamphlets which cover a wide range of fall-out and anti-blast shelters.

The government, further, has had wide surveys made of larger buildings in Canada to determine their potential protection against radioactive fall-out. The emergency measures organization provides information to all who ask for it on measures that can be taken to improve fall-out protection in larger buildings.

2. Through broadcasts, displays, pamphlets and manuals, information on fall-out has been provided for public use. This has cost the federal government more than $630,000 over the last two fiscal years. Provincial and municipal governments further this program of public information by ensuring ready distribution of the material provided by the federal government.

Under the National Housing Act, loans or increases on present mortgages can be provided for home owners in order to build shelters.

3. (a) It is not known how many shelters have been built in Canada—it is probably a few thousands.

(b) 208 persons have availed themselves of arrangements under the National Housing Act.

(c) It appears probable that many fall-out shelters have been built privately without any public knowledge of their construction. It is not possible to estimate their number. Moreover, many no doubt have put to use the information given them on improvised shelter, or are prepared to do so at short notice.

SHELTER PROTECTION, NUCLEAR ATTACK

Question No. 469—**Mr. Fisher:**

1. In consideration of its role, what population estimate does the emergency measures organization use?
2. How many of this population total have been provided at this date with fall-out shelters to ensure survival in the event of nuclear attack?
3. Of the total protected by fall-out shelters, how many shelters of a large-scale kind have been provided by and through emergency measures organization; for what number, and what kinds of people (e.g. government officials)?
4. How many fall-out shelters, either individual and family or community or otherwise, exist at present in the ridings of Port Arthur and Fort William?
5. How much money, to the knowledge of emergency measures organization, has been spent on fall-out shelters by (a) individuals (b) private corporations and associations (c) provincial governments (d) the federal government?
6. How much money has been spent, and for what classification of supplies, to stock fall-out shelters and regional depots to supply survivors of nuclear attack?
7. What supplies, in what form of protection are located in the ridings of Fort William and Port Arthur to look after the welfare of survivors of nuclear attack?
8. What cost figures does the emergency measures organization have, giving the total money spent in Canada, for ensuring the survival of Canadians in the event of nuclear attack, by year, and in total?

Mr. Davis: 1. Population estimates are provided by the dominion bureau of statistics based on the 1961 census.

2. The only fall-out shelters provided to date are those constructed by persons for themselves.

3. The government has built a number of operating headquarters units to be used in wartime for warning the public of attack and for directing the armed forces and civilian emergency operations. These have protection against fall-out but they are not regarded as shelters but as operating units.

4. A report secured in 1962 from officials in Fort William and Port Arthur advised that one fall-out shelter was known to them to have been built in each city. There are probably others.

5. Information is not available to answer this question.

6. No public funds have been spent on supplies to stock fall-out shelters. The only stockpile developed to date is that needed for emergency medical supplies.

7. None, other than those normally held for peacetime purposes or those that may have been put aside by individuals or families.

8. The figures available to the emergency measures organization are for federal expenditures and are those given in reply to question No. 467 (3).

CIVILIAN SURVIVAL, NUCLEAR ATTACK

Question No. 470—**Mr. Fisher:**

1. Does the Canadian military carry out studies in probability using the theory of games and, if so, has it applied this theory to the probabilities of civilian survival in Canada in the event of a nuclear attack on (a) Canada (b) the U.S.A.?
2. What are the estimates of civilian population survival resulting from these studies, giving the various modes of attack?

Mr. Hellyer: 1. Studies have been made but not using the theory of games.

2. These analytical studies involve the use of a great many theoretical variables, including a number of imponderables associated with Canada's position to the main target of attack. These considerations do not lend themselves to an accurate estimate of population survival.

NATIONAL FOREST POLICY

Question No. 480—**Mr. Fisher:**

1. Is the Department of Forestry aware of any national policy in the field of forestry?
2. If not, is it trying to develop one within some legislative framework?
3. If so, what is this national forest policy, in brief, and related to (a) silviculture (b) resource use?

Mr. Nicholson: 1. Yes.

2. See answer to 1.

3. The Department of Forestry believes it has a responsibility to further the development of policies of mutual interest to provincial and federal levels of government in the field of forestry. It also considers that it has a function of serving as Canada's link with international forestry organizations and, to a large extent, with other national governments.

In addition to and concurrent with its important research function, the department considers it has a co-ordinating role with the goal of developing an environment in Canada receptive to uniform good practices relating to forest management, to forest protection and to utilization of forests and forest products, thus improving the competitive position of Canada's forest industries.

With respect to the specific areas of silviculture and of resource use where federal policies have national implications, there are:

[Mr. Davis.]

3. (a) Silviculture: The Department of Forestry conducts a comprehensive program of forestry activities on a national scale. This over-all program is aimed at maximizing returns from all resources available. They include:

(i) Forestry research relating to soils, silviculture, tree improvement and stand management, forest mensuration, and fire protection. Though there is no strictly official common policy adhered to by the federal and provincial governments, activities in the silviculture field are conducted by this department in accordance with programs established through committees which are made up of federal, provincial and industrial representatives. Information from these sources is studied by the department and is available to all persons interested.

A number of provinces depend almost entirely upon the federal research services; other provinces conduct provincial programs in close co-operation with the federal department. One outstanding illustration of this co-operation is the joint research agreement between Ontario and the federal government whereby research resources are pooled in an attack upon problems of mutual interest.

(ii) Federal-provincial agreements. The federal-provincial forestry agreements provide federal financial assistance to the provinces in the fields of forest inventory, reforestation, stand improvement, forest access, and forest fire protection. All ten provinces are participating in this program. The agreements represent a nation wide recognition by the federal and provincial governments of the need to place special emphasis on these fields.

(iii) Forest fire protection. That portion of the federal-provincial agreements respecting fire protection, together with the policy whereby provinces may call upon the federal government for armed services' assistance, combine in a policy operative at the national level. This policy is of course concurrent with research pursued at the regional level, and is aimed at establishing local fire danger tables related with type of forest stand, type of fuel, topography and weather factors.

(iv) Dissemination of information. The department considers it has a function in disseminating scientific, technical and educational information and making it available to forest owners, industry and the general public. In certain areas, such as educational films, it works in close co-operation with provincial authorities, and prints are available to all levels of government. In another area, popular education, a major effort is made by the Canadian Forestry Association, with financial assistance from the federal government.

3. (b) Resource use. In relation to resource use, the Department of Forestry's policy is in the formative stage. The department participates in the resource use program being explored by ARDA.

Another promising area, in which the department has the function of co-ordinating research, is the watershed research program in the Saskatchewan river basin. This project has the support of four federal departments (agriculture, forestry, northern affairs and national resources, transport), two joint agencies (eastern Rockies forest conservation board and the prairie provinces water board), and three Alberta provincial departments (lands and forests, agriculture, research council). The aim of the program is control of water flow based on a multiple use involving forestry, agriculture, mining, recreation, and wildlife; in a more specific sense its goal is watershed protection and maintenance in conjunction with the utilization of forest and other resources.

The Department of Forestry also acts in co-operation with the Department of Northern Affairs and National Resources in providing forest surveys and advising on management of the Yukon and Northwest Territories forests, and of the forests of the national parks. Similar service and advice are provided for the Indian reserves which come under the jurisdiction of the Department of Citizenship and Immigration. Management of forested areas in military camps (Gagetown, Valcartier, Petawawa, Borden) is directly under this department's authority, as well as management of our own forest experiment stations.

C.N.R. PASSENGER SERVICE, WINNIPEG-GRAND BEACH AND VICTORIA BEACH

Question No. 576—**Mr. Knowles:**

What was the profit on the operation of the C.N.R. passenger train service between Winnipeg and Grand Beach and Victoria Beach in each of the last three years the service was operated?

Mr. Cantin: The management of Canadian National Railways advise as follows:

None—abandonment authorized by board of transport commissioners by board order No. 111131.

PURCHASING PROCEDURES, PUBLIC PRINTING AND STATIONERY

Question No. 594—**Mr. Fisher:**

1. Has the attention of the queen's printer been drawn to paragraph 3, page 305, vol. number 2 of the Glassco commission, and, if so, has he prepared any information on the purchasing experience of the buyers in the Department of Public Printing and Stationery?

2. Were any or all of these buyers' positions filled through civil service commission competitions?

Questions

3. What is the length of buying experience, as of June, 1963, of the superintendent, chief purchasing agent, and the other purchasing agents?

4. In rough estimate, how much purchasing, in dollar terms a year, is supervised by the chief purchasing agent?

5. In rough estimate, how much of this, in dollar terms, is done by tender, and how much by direct order?

6. For the last fiscal year, what firms, at what locations, achieved more than $100,000 worth of supplies (a) by tender (b) by direct order?

Mr. Dupuis: 1. The answer to the first part of the question is yes; the answer to the second part is no.

2. One position (purchasing agent gr. 4) was filled by promotion of the former assistant buyer.

The other position (purchasing agent gr. 2) was filled by civil service commission promotion competition open to the Department of Public Printing and Stationery.

3. Superintendent, 9 years. Chief purchasing agent, 2 years. Purchasing agent, commercial printing, 17 years. Assistant purchasing agent, commercial printing, 10 years.

4. $20,000,000, of which $5,500,000 is commercial printing.

5. Seventy per cent or $14,000,000 of the over-all purchasing is done by tender, the remainder is done by price inquiry and direct order. Ninety per cent of the commercial printing orders are awarded after tender; the remainder by price inquiry and direct order.

6. (a) By tender: Apeco of Canada, Toronto; Block & Anderson, Ottawa; Burroughs Adding Machines, Ottawa; Doon Twine Limited, Kitchener; International Business Machines, Ottawa; Minnesota Mining & Mfg. Co., London; Peerless Carbon & Ribbons, Ottawa; Photographic Stores Ltd., Ottawa; Stone Roll Paper, Toronto; Charles Bruning, Montreal; Consolidated Paper Sales, Montreal; E. B. Eddy Co., Hull; Howard Smith Paper Mills, Montreal; Provincial Paper, Montreal; Rolland Paper Co., Montreal; Alger Press Ltd., Oshawa; Ashton-Potter Ltd., Toronto; Crain Business Systems, Ottawa; Egry Continuous Forms, Toronto; Gage Envelopes, Scarborough; London Printing & Litho, London; Moore Business Forms, Ottawa; Rolph-Clark-Stone, Toronto; Drummond Business Forms, Drummondville; Ronalds-Federated, Montreal.

(b) By direct order: Addressograph-Multigraph, Ottawa and Toronto; Block & Anderson, Ottawa; Gestetner Ltd., Ottawa; Hughes-Owens, Ottawa; International Business Machines, Ottawa; Office Appliances, Ottawa; Remington Rand, Ottawa; Xerox of Canada, Toronto; Commercial Litho, Montreal; E. B. Eddy Co., Hull; Howard Smith Paper Mills, Montreal; Provincial Paper, Montreal.

Questions

SUBSIDY TO OAK BAY MARINA, VICTORIA, B.C.

Question No. 608—**Mr. Douglas:**

Was a subsidy authorized under the ship construction assistance regulations in the construction of the Oak Bay marina at 1327 Beach drive, Victoria, B.C., and, if so, what was the amount of the subsidy, and what was its proportion to the total cost?

Mr. Cantin: No, but application has been made for subsidy in respect of the construction of the underwater barge known as "Underwater Gardens", which is moored by its owner, Saltaire Products Ltd., at Oak Bay marina. The amount of subsidy applied for is $43,340 which represents 40 per cent of the approved cost.

HOUSING COST INCREASE THROUGH SALES TAX ON MATERIALS

Question No. 612—**Mr. Aiken:**

1. What is the average cost of building materials in houses built under the National Housing Act taken at a total cost of $13,000?
2. What is the increase in the cost of such a house as a result of the 11 per cent increase in sales tax announced in the budget?

Mr. Garland: 1. An examination has been made of total costs in 14 urban centres of houses in the $13,000 range. After deducting an appropriate amount for land, labour, profit and other fixed charges the approximate average cost of the material component is $4,680.

2. In assessing the effect of the sales tax, two circumstances are to be taken into account. First, the sales tax was already applied to certain building materials. Second, the sales tax will be applied to the manufacturer's sales price before the mark-up for overhead and profit by distributors. When allowance is made for these considerations, it is estimated that the portion of the building materials in the above house being affected by the new tax will approximate $3,300. It is not possible to say to what extent the increase in tax will be passed on to the final purchaser. This will depend on competitive conditions in local markets for building materials and for houses.

MARKING OF OBSTRUCTIONS TO FLYING

Question No. 619—**Mr. Basford:**

1. How many Department of Transport aircraft accident reports filed in the last two years indicated that cables, lines or wires, caused or contributed to aircraft accidents?
2. What regulations, if any, cover the marking for flying purposes of man-made obstructions and, briefly, what are they?
3. What regulations, if any, specifically cover the marking for flying purposes of cables, lines and wires and, briefly, what are they?

Mr. Cantin: 1. Figures for 1963 are not yet available, however there were 18 aircraft accidents in 1961 and 14 in 1962 involving collision with wires.

2. Regulations made pursuant to the Radio Act require certain antenna towers to be obstruction marked while the Navigable Waters Protection Act provides the means for requiring wires or cables crossing navigable waters to be obstruction marked. In addition, airport zoning regulations, as provided for in the Aeronautics Act, have been applied at a number of major airports across the country. While the zoning regulations do not cover obstruction marking they do restrict the construction of future structures which would project above established imaginary airport zoning surfaces.

3. Apart from the regulations discussed in the answer to question 2 above there are no other federal regulations that specifically cover the marking of cables, lines and wires for flying purposes.

FARM LOAN BOARD APPLICATIONS, PONTIAC-TEMISCAMINGUE CONSTITUENCY

Question No. 620—**Mr. Martineau:**

1. How many applications for loans were made by farmers in the constituency of Pontiac-Temiscamingue to the Canadian farm loan board in each of the fiscal years 1956-57, 1957-58, 1958-59, 1959-60, 1960-61, 1961-62 and 1962-63?
2. How many such applications were approved?
3. What is the total value of the loans which were granted to the said farmers during that period?

Mr. Beer: The Farm Credit Corporation does not maintain statistical records on a constituency basis. However, for the municipal counties of Pontiac and Temiscamingue, which together approximately coincide with the constituency of Pontiac-Temiscamingue, the answer is:

Questions

Pontiac-Temiscamingue

Canadian Farm Loan Board	Years	(1) Applications	(2) Approvals	(3) Amount of Loans
Farm Credit Corporation	1956-57	1	1	$ 3,250
	1957-58	4	3	13,050
	1958-Oct. 4/59 / From Oct. 5/59 to end of fiscal year	6	5	18,400
	1959-60	5	4	20,850
	1960-61	6	3	62,500
	1961-62	6	6	41,500
	1962-63	15	10	109,700
Totals		43	32	$269,250

SPECIAL ASSISTANT TO FORESTRY MINISTER

Question No. 644—**Mr. Fisher:**

1. Has the Minister of Forestry taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Nicholson: 1. The Minister of Forestry has taken an executive assistant on staff. His particulars are as follows: Name: David Ross Fitzpatrick; age: thirty years; place of birth: Kelowna, British Columbia.

Education: Southern Okanagan high school; King Edward high school (Sr. matriculation); University of B.C. (B.Com.); University of Maryland (graduate studies); Columbia University school of business (graduate studies).

Experience: Assistant to commissioner, royal commission into B.C. fruit industry (six months); carried out marketing and economic research studies and sales promotion work for B.C. Tree Fruits Ltd. and Sunrype Ltd. (eighteen months); assistant manager, International Factory Sales Service Ltd. (two years).

Initial and present salary: $8,550.

2. At the pleasure of the governor in council.

3. Mr. Fitzpatrick possesses the educational background, business experience, personality, personal character and stability required for the position of executive assistant. He is a native son of British Columbia and has a wide knowledge of the province.

In addition to his experience since graduation from university, Mr. Fitzpatrick worked as a laboratory technical and quality control inspector in a pulp and paper mill between university terms.

N.H.A. MORTGAGES—CHANGES IN INTEREST RATES, ETC.

Question No. 645—**Mr. Fisher:**

Have there been changes in either the rates of interest or the maximums borrowable or the length of time of mortgages on loans made under the National Housing Act since its inception and, if so, on what dates did such various changes take effect?

Mr. Garland: Changes in rates of interest, loan amounts, and terms of loans, for loans on single detached houses for owner occupancy, and on multiple dwelling structures for rental occupancy, financed under the National Housing Act, 1954, were as follows:—

INSURED LOANS

Date	Owner-Occupied Single Detached Dwellings				Rental-Occupancy Multiple-Dwelling Structures		
	Maximum Rate of Interest	Maximum Loan-to-Value Ratio	Maximum Amount of Loan[1]	Maximum Term of Loan	Maximum Loan-to-Value Ratio	Maximum Amount of Loan[1] per Dwelling Unit	Maximum Term of Loan
	Per Cent	Per Cent of Lending Value	$	Year	Per Cent of Lending Value	$	Years
Mar. 1954.....	5.50	90% of 1st $8,000, 70% of remainder	12,800	30	80%	7,000	25
(Foregoing at inception of National Housing Act, 1954)							
Feb. 1955.....	5.25						
Mar., 1956.....	5.50						
Jan., 1957.....	6.00						
Dec., 1957		90% of 1st $12,000, 70% of remainder					
Mar., 1958.....						8,250	
Dec., 1959.....	6.75						
Dec., 1960.....		95% of 1st $12,000 70% of remainder	14,200[2] / 14,900	35	85%	8,750	35
Nov., 1961.....	6.50						
June, 1963.....	It was announced in the presentation of the budget that the following changes would be effected:—						
	6.25	95% of 1st $13,000 70% of remainder	15,600				

[1] The maximum loan amounts shown, do not include the mortgage insurance fee which is added to the loan. Additional allowances of up to $500 may also be added where provision is made for fall-out shelters.

[2] The maximum loan amounts which came into effect in December, 1961, provided for a maximum of $14,200 on a house of three bedrooms or less, and $14,900 on a house of four or more bedrooms.

Questions

LOANS TO LIMITED DIVIDEND CORPORATIONS AND TO PRIMARY INDUSTRIES

Date	Limited Dividend Corporations				Primary Industries		
	Maximum Interest Rate	Maximum Loan-to-Value Ratio		Maximum Term of Loan	Maximum Interest Rate	Maximum Loan-to-Value Ratio	Maximum Term of Loan
		Loans to Corporations Sponsored By					
		Municipalities and Charitable Institutions	Entrepreneurs				
	Per Cent	Per Cent of Lending Value		Years	Per Cent	Per Cent of Lending Value	Years
March, 1954	3.75	90	90	50	4.75	80	15
		(Foregoing at inception of National Housing Act, 1954)					
Feb. 1955	3.50				4.50		
Mar. 1956	3.75				4.75		
Jan. 1957	4.25				5.25		
Oct. 1957	4.50				5.50		
April 1958	4.25				5.25		
Oct. 1958	4.625				5.625		
April 1959	5.125				6.00		
Oct. 1959	5.875						
April 1960			85				
Oct. 1960	5.125		90				
Jan. 1961			85				
Apr. 1961	5.375						
Oct. 1961	5.125						

* The National Housing Act Regulations do not prescribe maximum amounts for loans to limited-dividend corporations or for loans to primary industries.

LOANS TO UNIVERSITIES*

Date	Maximum Rate of Interest	Maximum Loan-to-Value Ratio	Maximum Amount of Loan	Maximum Term of Loan
	Per Cent	Per Cent of Appraisal Value	$ Per Student Accommodated	Years
Dec. 1960	5.125	90	7,000	50
		(Foregoing at introduction of provision for these loans)		
April 1961	5.375			
Oct. 1961	5.125			

* NHA loans to universities may be secured by mortgage loans.

WINTER WORKS EXPENDITURES, ST. HYACINTHE-BAGOT CONSTITUENCY

Question No. 647—**Mr. Ricard:**

Since the establishment of the winter works program and until April 1, 1963 (a) what was the total amount of the federal government's share paid out in the constituency of St. Hyacinthe-Bagot (b) what was the amount of the federal government's share paid out in each of the municipalities in the said constituency?

Mr. Byrne: Since the establishment of the winter works program and until April 1, 1963.

(a) The total amount of the federal government's share paid out in the constituency of St. Hyacinthe-Bagot has amounted to $98,921.01.

(b) The amount of the federal government's share paid out in each of the municipalities in St. Hyacinthe-Bagot constituency is contained in the attached summary sheet.

SUMMARY OF FEDERAL GOVERNMENT PAYMENTS UNDER MUNICIPAL WINTER WORKS INCENTIVE PROGRAM CONSTITUENCY OF ST. HYACINTHE-BAGOT

Municipality	1958-59	1959-60	1960-61	1961-62	1962-63(*)	Total
	$	$	$	$	$	$
Douville	—	—	—	27,299.53	—	27,299.53
La Providence	—	—	3,897.69	10,735.51	—	14,633.20
Notre Dame de St. Hyacinthe	—	—	144.15	219.92	—	364.07
St. Charles-sur-Richelieu	—	—	—	1,730.00	—	1,730.00
St. Damase	—	651.18	1,444.06	—	—	2,095.24
St. Denis	—	—	—	2,595.79	—	2,595.79
St. Germain	—	—	—	3,002.46	—	3,002.46
St. Helene	—	—	—	—	—	—
St. Hyacinthe	877.45	—	11,590.95	—	—	12,468.40
St. Joseph	—	—	3,740.88	—	—	3,740.88
St. Madeleine	—	—	—	—	—	—
St. Nazaire d'Acton	—	—	274.76	93.87	—	368.63
Ste. Rosalie	—	—	—	—	—	—
Saint Simon	—	228.99	—	—	—	228.99
St. Theodore d'Acton	—	—	—	—	—	—
St. Thomas d'Acquin	—	—	2,132.78	28,261.04	—	30,393.82
Totals	877.45	880.17	23,225.27	73,938.12	—	98,921.01

(*) No payments have been made under 1962-63 program as of April 1, 1963.

(Translation):

C.B.C.—EMPLOYMENT OF PAUL EMILE MAILLOUX

Question No. 663—**Mr. Valade:**

1. Did the C.B.C. employ one Paul Emile Mailloux as chief of T.V. studio watchmen—group F?

2. If so (a) when (b) what are his qualifications (c) what was his former occupation (d) was he ever a security officer or did he ever hold such position?

3. Were other applications received for the position in question and, if so (a) from whom (b) what were the qualifications of each of the other applicants?

4. What is the authority for Mr. Mailloux's appointment?

Mr. Dupuis: The C.B.C. advises that this was a matter of internal policy. It is not customary to ask crown corporations for information concerning their employees or other matters concerning their internal administration.

(Text):

R.C.A.F. BASIC JET TRAINING AIRCRAFT

Question No. 665—**Mr. Stefanson:**

1. When was the order for the basic jet training aircraft (the Tutor) placed, and with what company?

2. How many have been ordered and what is the cost?

3. When will the R.C.A.F. receive delivery of this aircraft?

4. Where will the R.C.A.F. try out the Tutor and train instructors prior to putting it into operation for its pilot-training program?

5. At what R.C.A.F. pilot-training bases will this aircraft be used?

6. Will other aircraft also be used at these bases and, if so, what aircraft?

[Mr. Byrne.]

Mr. Hellyer: 1. June 12, 1962 with Canadair Limited, Montreal.

2. 190. Estimated total cost—$88,610,000.

3. The first Tutor aircraft is scheduled for delivery in December, 1963.

4. The R.C.A.F. will test the Tutor for performance at Uplands, for cold weather at Churchill and for hot weather at a base still to be specified. A nucleus of aircrew instructors will be given lecture courses at the contractor's plant and subsequently will train the flying instructors at Moose Jaw starting May 1, 1964.

5. At the basic and advance flying training schools.

6. Yes, T33 aircraft for training and Expeditors for communication.

ARDA PROGRAMS, QUEBEC

Question No. 668—**Mr. Laprise:**

1. What works programs have been undertaken under the Agricultural Rehabilitation and Development Act, indicating the nature of each, in (a) the province of Quebec (b) the constituency of Chapleau?

2. What is the total cost of each of these programs?

3. What works programs are being considered for the near future in (a) the province of Quebec (b) the constituency of Chapleau?

4. What amounts will be allocated to each of these programs?

Mr. Beer: 1. (a), 2, 4. Forty five projects have been approved in the province of Quebec under the Agricultural Rehabilitation and Development Act. The nature of these projects, the total cost of each, and the amounts allocated as the federal share are set forth in the following table:

Questions

Nature of Project	Total Cost	Federal Share
Farm woodlot inventory and land capability survey in Montmagny county	$185,000	$92,500
Soil and water conservation—improvement of the Beauregard waterway in Bagot and Drummond counties	101,597	50,798
Soil and water conservation—improvement of the St. Telesphore waterway in Soulange co.	24,523	12,261
Soil and water conservation—improvement of the Lebeau-Lecompte waterway in Deux-Montagnes and Terrebonne counties	54,911	27,455
A study of farm woodlots in l'Islet, Kamouraska and Rivière du Loup counties	80,164	40,082
Farm woodlot management televised courses prepared by Macdonald College in French and English	5,000	2,500
Soil and water conservation—improvement of the Bergevin watercourse in Chateauguay county	13,352	6,676
Soil and water conservation—improvement of the Matteau watercourse in Drummond and Arthabaska counties	21,655	10,827
Soil and water conservation—improvement of the Trois-Rivieres-du-pot-au-Beurre watercourse in Richelieu and Yamaska counties	51,313	25,656
Soil and water conservation—improvement of the Corbeil watercourse in Deux-Montagnes county	24,965	12,482
Soil and water conservation—improvement of the Decharge de la Grande Ligne in Dorchester county	21,765	10,882
Soil and water conservation—improvement of the Riviere du Sud watercourse in Iberville and Missisquoi counties	62,014	1,007
Soil and water conservation—improvement of the Taillon watercourse in Arthabaska county	19,898	9,949
Soil and water conservation—improvement of La Grande Coulee watercourse in Rimouski county	19,351	9,675
Soid and water conservation—improvement of the Rousseau watercourse in Montmagny county	23,874	11,937
Soil and water conservation—improvement of the Royon watercourse in Huntingdon county	13,507	6,753
Soil and water conservation—improvement of the Menard-Bourbonnais watercourse in Soulanges county	12,872	6,436
Soil and water conservation—improvement of the Decharges Des 14 watercourse in Vercheres county	19,965	9,982
Soil and water conservation—improvement of Des Trente watercourse in Laprairie county	24,882	12,441
Soil and water conservation—improvement of the Lefebvre watercourse in Chateauguay county	14,900	7,450
Soil and water conservation—improvement of the Duquette watercourse in Deux-Montagnes county	23,610	11,805
Soil and water conservation—improvement of the Dagenais-Besner watercourse in Vaudreuil county	10,768	5,384
Soil and water conservation—improvement of the Pir Vir watercourse in St. Jean county	22,293	11,146
Soil and water conservation—improvement of the St. Cyr watercourse in Yamaska county	11,745	5,872
Soil and water conservation—improvement of La Cabane Ronde watercourse in L'Assomption county	16,160	8,080
Soil and water conservation—improvement of Riviere Belanger in Lac St. Jean-Ouest county	48,831	24,415
Soil and water conservation—improvement of Milton watercourse in Shefford county	24,253	12,126
Soil and water conservation—improvement of the Ruisseau des Dames watercourse in Levis county	15,269	7,634
Soil and water conservation—improvement of the St. Michel watercourse in Napierville county	15,576	7,788

Questions

Nature of Project	Total Cost	Federal Share
Soil and water conservation—improvement of the St. Eustache watercourse in Lotbiniere county	27,800	13,900
Soil and water conservation—improvement of the Bellevue watercourse in Vercheres county	14,457	7,228
Soil and water conservation—improvement of the Landry-Lemire watercourse in Arthabaska and Drummond counties	25,306	12,653
Soil and water conservation—improvement of the Banville ou Melchior Poirier watercourse in Rimouski county	47,716	23,858
Soil and water conservation—improvement of the Gendron watercourse in Riviere du Loup county	29,693	14,846
Soil and water conservation—improvement of Partie Inferieure de la Riviere Noire watercourse in Drummond county	$247,343	$123,671
Soil and water conservation—improvement of Ruisseau des Grandes Prairies watercourse in l'Assomption county	60,894	30,447
Soil and water conservation—improvement of Brosseau in St. Jean and Napierville counties	50,724	25,362
Soil and water conservation—improvement of west arm of the Blanche river watercourse in Matapedia and Matane counties	244,124	122,062
The development of a model sugar bush as an example of the practices that should be followed	2,475	1,237
Research in connection with the development of the resources of the Rouge valley	99,600	49,800
Research in connection with the development of the resources of the Brome region	96,000	48,000
Soil and water conservation—improvement of the Riviere Launay watercourse in Abitibi West county	178,626	89,313
Soil and water conservation—improvement of the Riviere Laflamme watercourse in Abitibi East county	17,927	8,963
The acquisition and development of marginal farm lands as a co-operative blueberry development in the county of Abitibi West	38,765	19,382

1. (b) Three projects have been approved in the constituency of Chapleau. They are the two soil and water conservation projects listed for the counties of Abitibi West and Abitibi East, and the blueberry development project for the county of Abitibi West.

3. (a) One project is still under consideration. This is a rural development research project in the lower south shore area of the St. Lawrence river.

(b) None.

RED RIVER—WHARF CONSTRUCTION AND REPAIRS

Question No. 670—**Mr. Stefanson:**

1. What new wharfs were built or what wharf extensions and repairs were carried out to wharfs on the Red river, Manitoba, from March 31, 1958 to April 8, 1963; when, where and at what cost?

2. What plans are there for new wharfs, extensions or repairs to wharfs on the Red river, Manitoba, for 1963-64?

Mr. Badanai: 1. No new wharves were built but the following extensions and repairs were carried out:

Selkirk: 1958-59, $53,382.60; 1960-61, $24,691.00; 1961-62, $7,058.00; 1962-63, $6,495.00.

[Mr. Beer.]

Winnipeg: (Alexander avenue): 1959-60, $163.01; 1960-61, $15,713.37; 1961-62, $6,765.00.

Red river mouth: 1958-59, $13,275.00; 1959-60, $14,764.00; 1960-61, $234.00.

2. No new wharves or extensions are planned but repairs will be carried out to the Alexander avenue wharf at Winnipeg.

NEWFOUNDLAND PROPOSALS FOR FISHERIES DEVELOPMENT

Question No. 677—**Mr. Fisher:**

1. Has the Department of Fisheries examined the proposals for national fisheries development presented by the government of Newfoundland and, if so, what is the gist of the department's analysis of the "five primary objectives" of the ideal "national policy" given on page 7 of the Newfoundland presentation?

2. What comments has the department prepared on each of the sets of recommendations under the five objectives listed on pages 8-10 of the presentation?

Mr. Robichaud: 1. Yes. The "five primary objectives" are broad generalizations which represent desirable ends for any development program.

2. The recommendations on pages 8-10 involve government policy. These will be considered at the national fisheries conference

referred to in the speech from the throne. Government policy will be announced at the appropriate time.

SUBSIDY ON FLUID MILK

Question No. 680—**Mr. Frenette:**

1. Does the agricultural stabilization board pay subsidies to milk producers when part of their production is marketed as fluid milk?
2. If not, when, and for what reasons was this policy instituted?

Mr. Beer: 1. Yes. While the agricultural stabilization board does not pay subsidies to milk producers who normally deliver their production for sale in the fluid milk market, certain exceptions are made in the following cases:

(a) To local producers who supply fluid milk (on a limited basis) to consumers in outlying areas.

(b) To local producers who supply the fluid milk market on a temporary basis in areas where the normal fluid milk supply is inadequate during certain periods. This applies particularly to resort areas.

(c) To producers in certain pool milk areas of British Columbia.

Fluid milk producers, however, have benefited from the board's purchase programs for various dairy products.

2. Answered by (1).

WESTMINSTER HOSPITAL, LONDON—EMPLOYMENT OF GORDON HEAD

Question No. 681—**Mr. Nesbitt:**

1. Is a Mr. Gordon Head presently employed on the staff of Westminster hospital at London, Ontario?
2. For what length of time has he been employed at that institution?
3. In what capacities has he been employed?
4. What is the description of his present position?
5. Has he received a promotion within the last two years?
6. If such a promotion was made, did it involve an increase in salary?
7. What is Mr. Head's present salary?
8. What is the date of his retirement?
9. Does he perform any duties in addition to his regular employment, such as lecturing to nurses and interns?
10. Has he developed any laboratory techniques which are in general use in either Canada or the United States?

Mr. Carter: 1. Yes.

2. From March 12, 1939 to September 11, 1942 and from July 1, 1951 to the present time.

3. Hospital orderly grade 1; hospital orderly grade 2; hospital laboratory helper grade 1; hospital laboratory helper grade 2; assistant technician 2.

4. Under direction to perform routine urinalysis tests, kidney function tests, mosenthal, concentration and dilution; tests for bile, urobilin, urobilinogen; fecal tests for occult blood, darkfield (V.D.S. examinations); assists in the autopsy room on call nights and week ends every third week.

5. No.

6. N/A.

7. $3,420 per annum.

8. Mr. Head will reach the normal retirement age of 65 on April 18, 1964.

9. No.

10. No.

FEDERAL EMPLOYEES, YORK NORTH CONSTITUENCY

Question No. 683—**Mr. Addison:**

How many federal government employees work in the constituency of York North?

Mr. Pepin: Information on the number of federal government employees by constituency is not available. The constituency of York North is part of York county. Information is available for York county at September 30, 1962. At that date the economic zones which cover the county contained 12,695 Civil Service Act employees; of these 11,365 were employed in the city of Toronto and the remainder in other parts of the county. No information is available by economic zones for persons employed by the federal government who are not Civil Service Act employees.

CONSTRUCTION OF CORRECTIONAL INSTITUTION, GREY-BRUCE CONSTITUENCY

Question No. 684—**Mr. Winkler:**

1. Does the government plan on proceeding with a program of correctional institution construction as announced by the Department of Justice in 1962?
2. Does the Minister of Justice plan on proceeding with the construction of such an institution in the Markdale-Dundalk area of Grey-Bruce as announced by a predecessor and on which public funds have been spent?

Mr. Macdonald: 1. Yes, but with certain amendments.

2. No. The facility proposed for the Markdale-Dundalk area will be located in an area deemed more suitable from the point of view of the over-all penitentiary operation in Ontario.

FISHERIES EDUCATION, UNIVERSITY OF MANITOBA

Question No. 685—**Mr. Stefanson:**

Has the government received a request from the University of Manitoba for financial assistance for its extension department to carry out education among fishermen in fisheries techniques and co-operatives producing and selling and, if so, what action has been taken, or is planned?

Mr. Robichaud: This government has not received such a request.

Questions

POWER DEVELOPMENT SURVEY, NELSON RIVER, MAN.

Question No. 702—**Mr. Stefanson:**

1. Has the government signed an agreement with the province of Manitoba to share in the cost of the survey for proposed power development on the Nelson river and, if so (a) when was the agreement signed, what is the estimated cost, and how will the cost be shared (b) when will the survey report be ready?

2. In conjunction with the power survey, has the government considered making a survey to determine the feasibility of creating a waterway from Hudson bay to lake Winnipeg?

Mr. Turner: 1. Yes

(a) (i) 18 February 1963; (ii) $1 million for phases I and II; (iii) Canada will pay 50 per cent of the actual cost not exceeding $500,000.

(b) The studies now commissioned for these phases under the agreement are to be completed by March 31, 1964; the report on them should be ready shortly thereafter.

2. An examination of the Nelson river navigation possibilities will be made in conjunction with these studies.

*INQUIRY INTO STOCK TRANSACTIONS

Question No. 704—**Mr. Fisher:**

1. Has the Prime Minister come to a decision on the need for an inquiry on his part or on the part of a house committee into all stock transactions carried on by the firms which had on salary the several contractors engaged to help the Minister of Finance in budget preparation, in so far as the period immediately before the budget presentation and on Wednesday, June 19, in the hours and minutes immediately before the announcement of the withdrawal of paragraph 11 of the Excise Tax Act resolution?

2. If not, when does he expect to make such a decision?

3. If so, what is it?

Mr. Pearson: Mr. Speaker, there is no evidence which would warrant any such special inquiry.

FISHERIES RESEARCH LABORATORY, LONDON, ONT.

Question No. 706—**Mr. Thomas:**

1. Has the government decided to replace the fisheries research laboratory now located in London, Ontario?

2. If so, will the new laboratory be constructed in the London area?

Mr. Robichaud: 1. No.

2. Answered by No. 1.

PASSES TO MEMBERS FOR AIR TRAVEL

Question No. 741—**Mr. Mather:**

Is the government giving consideration to furnishing additional air passes to members whose distance from home constituencies renders travel on train passes impractical?

Mr. Cantin: This matter is not under consideration.

[Mr. Robichaud.]

SUMMERSIDE, P.E.I., EXPERIMENTAL FOX FARM

Question No. 743—**Mr. Macquarrie:**

1. Has the government decided to close the experimental fox farm at Summerside, Prince Edward Island and, if so, what were the reasons for such decision?

2. What is the approximate date of such closing?

3. Will the animals on this farm be transferred to Ontario?

4. Have arrangements been made for employment of the staff presently employed?

Mr. Beer: 1. No. Provision for research on commercial production of fur-bearing animals forms a portion of the planning for livestock research in the Department of Agriculture. The latter is currently under broad scale review and the future of the experimental fur ranch at Summerside, P.E.I., is part of the deliberations.

2, 3 and 4. See answer to 1.

N.H.A. HOMES FORECLOSED, ROYAL HEIGHTS, B.C.

Question No. 744—**Mr. Mather:**

1. How many houses financed under the National Housing Act are under foreclosure in Royal Heights in north Surrey, B.C.?

2. How many of these houses have basements?

3. For what reason were they subject to foreclosure?

4. What is the basic mortgage for a three-bedroom house in this area?

5. Have mortgages dropped in this area in the last (a) 12 months (b) 18 months (c) two years and, if so, what has caused the drop?

6. How many foreclosed mortgaged houses in this area have been sold by C.M.H.C. during (a) 1962 (b) 1963?

7. Have any of the foreclosed mortgaged houses been rented and, if so, who was responsible for their rental?

8. Does Central Mortgage and Housing Corporation staff engage in the sale of foreclosed mortgaged houses and, if so, how long on the average does it take to sell a house, and what time is spent per salesman?

9. How much, in dollars, has been spent from public funds to rent, and sell these homes?

Mr. Garland: 1. Royal Heights district is located mainly in the municipality of Delta, B.C. The northerly portion extends into the municipality of Surrey, B.C. In the whole of Royal Heights 41 houses, financed under the National Housing Act, have been acquired by foreclosure.

2. 19.

3. Default of mortgage payments.

4. The amount of loan varies with size, type, and quality of house and lot. Typical loans in this area on the most common three bedroom, full basement house ranged from $11,100 to $11,600.

5. The level of loan for a typical house referred to in 4 above, has decreased as follows: (a) in the past 12 months—no decrease; (b) in the past 18 months—no decrease; (c) in the past 24 months—$400 decrease—because of market conditions.

6. (a) 11; (b) 3.

7. Yes. 18 by Central Mortgage and Housing Corporation.

8. Yes. On the average, it takes 3 months to sell a house. There are no figures available that indicate how much salesman's time is spent per house.

9. The cost of preparing for sale or rent, and other sales expense, are a direct charge to the mortgage insurance fund. A total of $9,255 was charged for the repair and improvement of all the houses referred to in 1 above. Other overhead charges are absorbed by the corporation but a breakdown is not available as the administration of fund properties represents only a small portion of the corporation's property management function.

CARLSON NELSON—DISMISSAL FROM FISHERIES PATROL

Question No. 745—**Mr. Coates:**

Has Carlson Nelson been dismissed from the fisheries patrol boat *MYA* and, if so, for what reason?

Mr. Robichaud: He was replaced by a person with military service.

(Translation):

SALE OF LAND OWNED BY CANADIAN ARSENALS

Question No. 746—**Mr. Pigeon:**

1. Did the government call for tenders for the sale of property owned by Canadian Arsenals Limited at St. Janvier and St. Thérèse and if so, what are the names of the tenderers, and the amounts tendered?

2. If not, how does the government intend to dispose of this property?

Mr. Drury: 1. No. Canadian Arsenals Ltd. has no land in St. Janvier nor in St. Thérèse.

2. Not applicable.

(Text):

FOREIGN INVESTMENT CONTROL OF CANADIAN INDUSTRIES

Question No. 747—**Mr. Matheson:**

What is the percentage of foreign investment control each year commencing 1956 in the following industries (a) mining and smelting (b) manufacturing (including some resource industries such as pulp and paper)?

Mr. Sharp:

Percentage of capital employed under foreign control at year-end

	1956	1957	1958	1959
(a) Mining and smelting (excluding petroleum and natural gas)	58	61	60	61
(b) Manufacturing	52	56	57	57
(percentage of pulp and paper included in manufacturing)	54	55	59	49

Later data are not yet available.

ARDA PILOT AREA, NOVA SCOTIA

Question No. 748—**Mr. Coates:**

Has the pilot area under ARDA been selected in Nova Scotia and, if so, what county or counties does it cover?

Mr. Beer: No. Discussions are under way between federal and provincial ARDA officers but no area has yet been selected.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ARMED FORCES AND DEFENCE DEPARTMENT PERSONNEL

Question No. 299—**Mr. Mather:**

1. What was the total number of (a) men (b) women, in each branch of the armed forces on February 1 in each of the years 1961, 1962 and 1963?

2. What was the total number of civilian employees in the Department of National Defence and its purchasing agencies on each of the above dates?

3. What was the total cost of the armed forces, the Department of National Defence, and its purchasing agencies in the years ending on the above dates?

Mr. Dupuis: Return tabled.

REGISTER OF UNEMPLOYED, FORT WILLIAM-PORT ARTHUR

Question No. 459—**Mr. Fisher:**

1. What has been the index of those registering as out of work and seeking work at the unemployment insurance commission offices in Fort William and Port Arthur since January 1, 1958, month by month, in comparison to the total number of unemployment insurance commission numbers registered, month by month?

2. During this same period, month by month, how does this index compare with the provincial and national index?

ASSISTANTS AND SECRETARIES OF MINISTERS

Question No. 615—**Mr. Martineau:**

1. What are the names of the executive assistants, special assistants, private secretaries, and associate private secretaries for each of the ministers of the crown?

2. What is for each such person the date of his or her appointment and his or her salary?

3. What is for each minister the total number of his personal staff?

Mr. Pickersgill: I would like to make this an order for return, and I hope the hon. member would agree that personal staff means staff of the minister's office.

Mr. Martineau: That should be obvious.

Federal—Provincial Relations

EXPENDITURES THROUGH FARM STABILIZATION BOARD

Question No. 622—**Mr. Smallwood:**

1. What were the amounts of money spent by the federal government through the farm stabilization board for the years 1958, 1959, 1960, 1961 and 1962?
2. What were the amounts of money spent on the support of hogs, butter and milk?
3. What were the amounts spent in each province through the farm stabilization board for these years?

Mr. Beer: Return tabled.

(Translation):

DOMINION-PROVINCIAL RELATIONS

MUNICIPAL LOAN LEGISLATION—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I desire to ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance.

This question stems from the statement made yesterday in the Quebec legislature by the premier of the province of Quebec, Hon. Jean Lesage, in which he vehemently denounced as a very serious infringement upon provincial autonomy, the proposed federal assistance to municipalities, and various other bills or resolutions submitted to the house by the government.

That statement, following what has been called his fiscal ultimatum, accentuates considerably the general uneasiness within confederation, of which Mr. Lesage said recently that it was being given its last chance.

Mr. Speaker, it is most urgent to discuss this matter immediately.

(Text):

Mr. Speaker: I am quite prepared—indeed, I am somewhat anxious—to hear further comments on this question, if any hon. member has any remarks to make, before I render a decision.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, the motion introduced by the hon. member for Three Rivers is based on standing order 26. An examination of that section reveals that the adjournment of the house can be moved for the purpose of discussing a definite matter. In my opinion, that is the first point we must consider concerning the advisability of granting or refusing the adjournment of the house.

If we take a close look at the proposal made by the hon. member for Three Rivers, we notice that it concerns in particular the examination of government order No. 5 on today's order paper, that is Bill C-76 to provide assistance for municipalities. Consequently, the motion for adjournment has a very definite objective.

On the other hand, standing order 26 states further on that the matter must be of public importance.

Now, in this case, we have certainly a matter of public importance, and it is under the jurisdiction of the house, as it is a bill following a resolution which had been submitted to the house, and as it had been completely impossible, while discussing that resolution, to obtain, either from the Prime Minister (Mr. Pearson) or from the Minister of Finance (Mr. Gordon) any detailed information with regard to the jurisdiction of the federal government on the matter.

The Leader of the Opposition (Mr. Diefenbaker), the hon. member for Pontiac-Temiscamingue (Mr. Martineau) and others raised the point of the constitutional nature of the bill. Therefore if we refer to Beauchesne's citation No. 100 we find that the conditions for the adjournment of the house are met in the motion of the hon. member for Three Rivers, and the matter of urgency is to be considered, because the discussion of the resolution is not so much a question of dealing with the request of the prime minister of the province of Quebec, as of analysing a bill, a situation which affects the very basis of Canadian confederation, where the future of all provinces is at stake.

Those are the reasons why this question is a definite matter of urgent public importance.

As to the urgency of this debate, I am afraid that Mr. Speaker will declare that we still have a day of budget discussion before us and that this would be the time to deal with the problem; but considering that Wednesday afternoon does not give hon. members much time to study this matter, and that the question period is not yet closed, I feel that such a reason would not be sufficient to justify the rejection of the motion. That is why I respectfully submit that you should grant the request of the hon. member for Three Rivers.

Mr. Gerard Chapdelaine (Sherbrooke): After reading carefully standing order 26, it becomes evident that the motion of the hon. member for Three Rivers is in order but at this stage I fail to see the reason for the intervention of the hon. member for Berthier-Maskinonge-Delanaudiere, because there has not been any indication that the motion was opposed. The motion has not yet been discussed and it has not been opposed by

the government members. I believe, therefore, that his intervention at this stage is untimely and inappropriate.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I should like to speak on the motion introduced by the hon. member for Three Rivers to adjourn the house for the reason set forth in the motion before us.

As you know, Mr. Speaker, the adoption of such a motion is subjected to four prerequisites, the first of which is the urgency of debate. The second is the administrative responsibility of the government. I would respectfully suggest that a statement made by the premier of another province does not involve the administrative responsibility of the government.

Furthermore, Mr. Speaker, the hon. member for Berthier-Maskinonge-Delanaudiere answered his own argument when he said that the house has the right to discuss this matter in the present budget debate; thus, there is no urgency in the proposal of the hon. member for Three Rivers.

In those circumstances, it seems to me that this matter can be discussed adequately during the budget debate, providing of course that the hon. members opposite allow us to get to that item of the orders of the day. If the house had accepted, last night, the suggestion—

(Text):

Mr. Diefenbaker: It is not "hon. gentlemen opposite" who are holding you up.

(Translation):

Mr. Chevrier: That is precisely what the prime minister—

Some hon. Members: Oh, oh.

Mr. Chevrier: The right hon. Leader of the Opposition says that hon. gentlemen opposite are not holding us up. Last night, the leader of the house offered to our hon. friends opposite a suggestion which would have enabled us to accelerate the discussion of the budget. It seems that the suggestion was not accepted. If the suggestion had been accepted, we could have discussed the budget and, of course, that matter as quickly as the house would like to.

Now, I say to the right hon. Leader of the Opposition that if there are delays, they come from his own partisans.

I therefore respectfully suggest, Mr. Speaker, that since that matter can be discussed in the course of the present budget debate, there is no urgency.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, on the point of order—

Mr. Speaker: I think I have heard enough—

Some hon. Members: Sit down.

Mr. Martineau: Mr. Speaker, I should like—

Mr. Speaker: No, it is not necessary. First of all, I wish to thank all hon. members for their contribution.

(Text):

The matter I have to decide is a motion for the adjournment of the house made for the purpose of discussing a definite matter of urgent public importance under standing order 26.

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

That is citation 100 (3) of Beauchesne's fourth edition.

The reason for allowing such a motion is to afford members an opportunity of discussing a definite matter of urgent public importance which they could do in no other way.

That was a decision of Mr. Speaker Black, as reported in *Journals* of the house for March 31, 1931, page 50.

The urgency of debate is something that has to be considered . . . In my experience it has never happened in the house that while the speech from the throne was currently debated a motion for the purpose of discussing a definite matter of urgent public importance under the new standing order 26 was agreed to.

That is a quotation from Mr. Speaker, taken from *Hansard* for January 11, 1956, page 20. Also, during the debate on the address on January 20, 1956 there is the following statement by Mr. Speaker, as reported at page 343 of *Hansard*:

—whenever there is a debate like the one currently going on, (address in reply) which gives the opportunity to hon. members to discuss a wide range of subjects, motions such as this one have not been allowed.

Then in *Hansard* for June 27, 1961 I read this at page 7105, Mr. Speaker Michener having expressed a similar view with regard to a motion under standing order 26 during the budget debate. He said:

It seems to me that it is a matter which could very readily be debated in the budget debate—

Later on the same page he added:

I accept the proposition that this is an urgent and important public matter to which the Leader of the Opposition draws attention. It is a definite matter of public importance. However, that is not the criterion in determining whether standing order 26 should be applied. The criterion is whether there is an opportunity to debate this matter in an effective way.

Federal—Provincial Relations

Mr. Speaker Michener concluded his remarks as follows, as reported at page 7106:

—I am not satisfied that there is not ample opportunity to put before the house and the government all the considerations that apply to this important matter in the debate which will follow immediately after the calling of the orders of the day. Therefore, with regret—

And I should like to use these words myself.

I cannot accede to the request of the—

—hon. member for Three Rivers (Mr. Balcer).

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I ask leave, seconded by the hon. member for Comox-Alberni—

Mr. Balcer: On a point of order, I wonder whether Your Honour would let me make a few remarks.

Some hon. Members: No.

Mr. Balcer: If your decision is final I should like to appeal your ruling.

Mr. Speaker: Yes, it is final.

Mr. Balcer: Then I have no other recourse but to appeal your ruling.

Mr. Chevrier: There is no appeal; you decided that one yourselves.

Mr. Speaker: I regret to inform the hon. member—perhaps I should not use the word "regret" and I would delete it—that by decision of my predecessor, and others, he ruled that there was no appeal under standing order 26.

(Translation):

Mr. Balcer: Mr. Speaker, I am sorry but I must challenge your last ruling to the effect that there is no appeal from your previous ruling.

(Text):

Mr. Speaker: Under the circumstances, you are appealing from my ruling that there is no appeal under standing order 26, and that is in order.

(Translation):

Mr. Gilles Gregoire (Lapointe): On a point of order, Mr. Speaker, a question is brought up by requesting that a matter of national interest be considered, I—

(Text):

Mr. Speaker: There is a decision of the Chair from which the hon. member has appealed to the house. Those in favour of sustaining the Speaker's ruling will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against will please say nay.

Some hon. Members: Nay.

[Mr. Speaker.]

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members. The question is an appeal to the house from a ruling of the Chair which is as follows:

The hon. member for Three Rivers (Mr. Balcer) asked leave to move the adjournment of the house for the purpose of discussing a matter of urgent public importance, and stated the subject to be in part as follows:

(Translation):

The statement made yesterday in the Quebec legislature by the premier of the province of Quebec, Hon. Jean Lesage, during which he vehemently denounced as a serious encroachment on provincial autonomy the proposed federal assistance to municipalities, and various other bills.

(Text):

I ruled that the matter was not a question of urgency of debate, that the subject could be discussed during the budget debate which, in the ordinary course of events, will follow later this day. The hon. member for Three Rivers having appealed to the house from the said decision, the Chair ruled that, in accordance with decisions given by previous Speakers, the question in regard to urgency of debate under standing order 26 could not be appealed to the house. Whereupon the hon. member for Three Rivers appealed to the house from this ruling.

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:

Addison
Armstrong
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Bechard
Beer
Benidickson
Benson
Berger
Boulanger
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Caron
Carter
Cashin
Chevrier
Chretien
Côté (Longueuil)
Cowan
Crossman
Cyr
Davis
Deachman
Denis
Deschatelets
Drouin
Drury
Dube
Dupuis
Emard
Ethier
Favreau
Forest
Forgie
Foy
Francis
Garland
Gelber
Gendron
Godin
Gordon
Granger
Gray
Greene
Groos
Guay
Hahn
Haidasz
Hays
Hellyer
Jewett, Miss
Klein
Konantz, Mrs.
Lachance
Laing
Lamontagne
Lamoureux
Laniel
Laverdiere
Lessard (St. Henry)
Lloyd
Loiselle
Macaluso
Macdonald
MacEachen
MacNaught

McIlraith
McMillan
McNulty
McWilliam
Marcoux
Martin (Essex East)
Matheson
Matte
Mitchell
Moreau
Morison
Mullally
Munro
Nicholson
O'Keefe
Otto
Pearson
Pennell
Pickersgill
Pilon
Regan
Rideout
Rinfret
Robichaud
Rochon
Rock
Rouleau
Ryan
Sharp
Stewart
Temple
Tremblay
Tucker
Wahn
Walker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan—108.

NAYS

Messrs:

Balcer
Baldwin
Barnett
Beaule
Bell
Bigg
Boutin
Cadieu (Meadow Lake)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Casselman, Mrs.
Chapdelaine
Chatterton
Churchill
Clancy
Coates
Cooper
Côté (Chicoutimi)
Crouse
Diefenbaker
Dinsdale
Dionne
Doucett
Douglas
Fairweather
Fane
Fisher
Fleming (Okanagan-Revelstoke)
Forbes
Frenette
Gauthier
Girouard
Grafftey
Gregoire
Gundlock
Hales
Harkness
Herridge
Horner (Acadia)
Horner (The Battlefords)
Howard
Howe (Hamilton South)
Howe (Wellington-Huron)
Irvine
Jorgenson
Kennedy
Knowles
Korchinski
Lamb
Langlois
Laprise
Latulippe
Leboe
Lessard (Lake St. John)
Loney
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
MacRae
McCutcheon
McIntosh
Madill
Martin (Timmins)
Martineau
Mather
Millar
Monteith
Moore
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Olson
Orlikow
Ormiston
Ouellet
Pascoe
Paul
Perron
Peters
Plourde
Prittie
Pugh
Rapp
Rheaume
Ricard
Rondeau
Scott
Skoreyko
Slogan
Smallwood
Southam
Stefanson
Stenson
Thompson
Valade
Vincent
Watson (Assiniboia)
Webb
Webster
Weichel
Willoughby
Winch
Winkler—107.

Mr. Speaker: I declare my ruling sustained.

Division

Mr. Mackasey: Mr. Speaker, I was paired with the hon. member for Bow River (Mr. Woolliams). Had I voted I would have voted to sustain your ruling.

Miss LaMarsh: Mr. Speaker, I was paired with the hon. member for Victoria-Carleton (Mr. Flemming). Had I voted I would have voted to sustain your ruling.

Mr. Teillet: Mr. Speaker, I was paired with the hon. member for Portage-Neepawa (Mr. Enns). Had I voted I would have voted to sustain your ruling.

Mr. Turner: Mr. Speaker, I was paired with the hon. member for Yukon (Mr. Nielsen). Had I voted I would have voted to sustain your ruling.

Mr. Asselin (Notre Dame de Grace): Mr. Speaker, I was paired with the hon. member for Middlesex West (Mr. Thomas). Had I voted I would have voted to sustain your ruling.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I was paired with the hon. member for Iles-de-la-Madeleine (Mr. Sauve). Had I voted, I would have voted against the motion.

(Text):

Mr. Brown: Mr. Speaker, I was paired with the hon. member for Simcoe East (Mr. Rynard). Had I voted I would have voted to sustain your ruling.

Mr. MacEachen: On a point of order—

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I ask leave, seconded by the hon. member for Comox-Alberni (Mr. Barnett) to move the adjournment of the house under standing order—

Some hon. Members: Order.

Mr. MacEachen: Mr. Speaker, I rise on a point of order in connection with the decision the house has just now reached. You may recall that some days ago a decision was taken on a similar matter, and following that decision there existed some doubt as to the exact nature of the decision. I take it that the decision taken by the house in the present vote is to the effect that the house has decided there is no appeal on the ruling made by the Speaker—

Mr. Churchill: What is your point of order?

Mr. MacEachen: —under standing order 26, and that the house is bound by this decision for the remainder of the session.

Some hon. Members: No, no.

Mr. Speaker: Order, please. I think the record speaks for itself.

An hon. Member: Res ipsa loquitur.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in so far as the record is concerned I submit that is a rather indirect statement to make and may be interpreted in two ways. I would say that no firm decision has been made for the balance of this session of parliament.

Mr. Pearson: What kind of decision?

Hon. Paul Martineau (Pontiac-Temiscamingue): On the point of order, Mr. Speaker, the Minister of Labour (Mr. MacEachen) rose when there was nothing before the house; therefore he could not raise a point of order generally applicable for the balance of the session. Therefore the point of order should not have been entertained at all by Your Honour.

(Translation):

Mr. Gregoire: Mr. Speaker, on the same point of order—

(Text):

Mr. Speaker: I am sorry; the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) had the floor.

NATIONAL DEFENCE

RELEASE OF INFORMATION BY DEPARTMENT—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Thank you, Mr. Speaker. I ask leave, seconded by the hon. member for Comox-Alberni (Mr. Barnett), to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the release yesterday to the press by the Department of National Defence of information of vital concern to the country, to wit the proposed establishment of nuclear ammunition dumps at five points on Canadian soil, before such information was made available to this house and two days before the special committee on defence was due to receive a policy statement from the minister.

I think I do not need to urge the importance of this question to the public of Canada, and if I had any doubt about it the number of telephone calls I had last night from British Columbia would have dispelled that doubt. The urgency of debate lies in this fact; that tomorrow morning at 10.30, at his own request, the Minister of National Defence (Mr. Hellyer) is to make a statement on policy to the committee on defence. I suggest to you, Mr. Speaker, that it is urgently important that this house should now have from the minister some explanation of this extraordinary procedure which has been a gross discourtesy to the house and to the special committee.

[Mr. Speaker.]

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I appreciate this opportunity to allay the fears of hon. gentlemen—

An hon. Member: Speak to the motion.

Mr. Hellyer: —and I merely wish to say that as far as I know there is no truth whatsoever in this report. I am surprised that the hon. gentleman would bring a motion into this house without taking the trouble to check with me and find out whether in fact such a release was issued.

Mr. Cameron (Nanaimo-Cowichan-The Islands): On a question of privilege, Mr. Speaker, I take very strong exception to those comments of the minister. He has made not the slightest attempt to deny this report, and it has been attributed to his department all across Canada.

Mr. Hellyer: I said that as far as I know no such release exists.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, if the report is true—and I do not know whether or not it is true—

An hon. Member: The minister denied it.

Mr. Olson: —I think you have only to refer to the provision under standing order 26, paragraph 6(a), which says:

> Not more than one such motion can be made at the same sitting;

We have already had one such motion at this sitting, and it has been ruled out of order. I think this paragraph of standing order 26 takes care of a second motion being introduced.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, before you make a ruling I would draw Your Honour's attention to the fact that my hon. friend the Minister of National Defence (Mr. Hellyer) has made a categorical denial of the report on which this motion is based, and it is a rule of this house that the word of an hon. member is accepted on a matter coming within his knowledge.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I am very seldom in agreement with the Secretary of State, but if the Minister of National Defence will rise and categorically say that there is nothing true in this report, then certainly the argument that is advanced by the Secretary of State is irrefutable.

An hon. Member: The minister did deny it.

Some hon. Members: He did not.

Mr. Hellyer: Mr. Speaker, I thought I had made it perfectly clear that to my knowledge no release of any kind was made.

Some hon. Members: Oh, oh.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, no one wants an assurance from the minister merely that no release has been issued by his department. What we want an assurance on is whether it is true that these five nuclear storage dumps are now being prepared in Canada.

Some hon. Members: Oh, no.

Mr. Speaker: Order. Unless the hon. member for Winnipeg North Centre has something further to offer the Speaker I am quite prepared to give a decision at the moment.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, if you intend to rule on the point of order raised by the hon. member for Medicine Hat I would like to offer a comment with respect to the point he raised. Is that the point on which Your Honour proposes to rule?

Mr. Speaker: I propose to rule on the request for the adjournment of the proceedings under standing order 26.

Mr. Knowles: The hon. member for Medicine Hat suggests that standing order 26 (6) (a) prevents the making of this motion because 26 (6) (a) says:

> Not more than one such motion can be made at the same sitting;

The hon. member for Medicine Hat alleges that a motion has already been made today. I submit that no motion has yet been made today. The hon. member for Three Rivers rose and asked leave to make a motion, but that leave was denied by Your Honour and the house sustained your ruling. Support for my position is found in standing order 26, paragraph 5, which says:

> Except with the requisite leave or support, the motion cannot be made.

The hon. member for Three Rivers was not allowed to make a motion and therefore he did not make it. The last time a motion of this kind was made and debated was on January 31 this year. The motion was made by the then leader of the opposition. Hon. members who were here will recall that there was considerable debate on the procedural aspect of the matter and there was a vote similar to the one taken a while ago, only the sides were reversed. This is recorded at page 463 of *Journals* for January 31, 1963, where there appears the entry:

> Whereupon Mr. Pearson, seconded by Mr. Martin (Essex East), moved that this house do now adjourn.

My point is that until the preliminaries are gone through and until leave is given, no motion is made; and as yet today no motion has been made under standing order 26.

Mr. Speaker: I thank the hon. member for his assistance and comments, with which I agree. I am now prepared to rule on this motion to adjourn the proceedings under standing order 26. The wording of the motion handed to me reads, amongst other things, as follows:

> —release to the press by the Department of National Defence of information of vital concern to the country, to wit the proposed establishment—

And so on. Then it says:

> —before such information was made available to this house and two days before the special committee on defence was due to receive a policy statement from the minister.

If hon. members care to refer to Beauchesne, citation 100, subsection 2, they will see that it says:

> The "definite matter of urgent public importance", for the discussion of which the adjournment of the house may be moved under standing order 26, must be so pressing that public interest will suffer if it is not given immediate attention.

In my view a two day delay in getting this vital information is not of such urgency that the motion should be entertained.

MOTIONS FOR PAPERS

CORRESPONDENCE RESPECTING WORLD FAIR

Motion No. 12—**Mr. Pigeon:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence and reports on the site of the 1967 world's fair exchanged between the government and the following other governments or bodies concerned: (a) international joint commission (b) St. Lawrence seaway authority (United States and Canada) (c) St. Lawrence river pilots' association (d) national harbours board (e) Canadian National Railways (f) Quebec hydro (g) city of Verdun (h) Canadian association for the protection of birds (i) Department of Transport (j) town of St. Lambert (k) government of the province of Quebec (l) Canadian world exhibition corporation.

Mr. Pickersgill: Mr. Speaker, I understand that the hon. member is willing to let this motion stand.

Mr. Pigeon: Yes, I agree.

Motion stands.

(Translation):

ST. PIE DE BAGOT, QUE. PENITENTIARY CONSTRUCTION

Motion No. 14—**Mr. Ricard:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the government or any of its agencies or departments and any provincial or municipal government, individuals or organizations since January 1, 1958, in respect of the construction of a penal institution in the parish of St. Pie de Bagot.

Motion agreed to.

(Text):

DIRECTOR OF COMPANIES BRANCH

Motion No. 16—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence relating to the post of director of the companies branch, from July, 1959 to May 17, 1963, exchanged between the civil service commission, ministers of the crown, any applicants for the post, and any other person or persons, including those who hold provincial offices.

He said: I ask leave to withdraw this. In order that the house may not think it was placed on the order paper frivolously, may I say that I have received the information I want and that the general ambit of the motion as it now appears would have been discomforting to both the civil service commission and myself.

Order discharged and motion withdrawn.

MUNICIPAL DEVELOPMENT AND LOAN BOARD

Motion No. 19—**Mr. Graffiey:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the federal government or any agency thereof and any of the provincial governments or agents thereof since April 30, 1963, concerning the establishment of a municipal development and loan board.

Motion agreed to.

(Translation):

CORRESPONDENCE WITH QUEBEC RESPECTING LOTTERIES

Motion No. 21—**Mr. Valade:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the federal government and the government of the province of Quebec relating to lotteries.

Mr. Chevrier: Mr. Speaker, no correspondence, telegrams or other documents have been exchanged since this government has been in power.

(Text):

Mr. Speaker: Am I to understand from the hon. member that the motion is withdrawn?

Mr. Valade: Yes.

Motion withdrawn.

(Translation):

JOINT DOMINION-PROVINCIAL PLANS

Motion No. 24—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the government, or any agencies or departments thereof, and any provincial department since April 21, 1963, relating to joint plans.

[Mr. Ricard.]

He said: Mr. Speaker, I understand that the Secretary of State would have preferred the motion to read as follows:

—relating to jointly financed plans.

As far as I am concerned, I have no objection to the suggested amendment.

(Text):

Mr. Pickersgill: With that amendment it is agreeable to the government.

Mr. Speaker: Is the motion agreed to, subject to the amendment as stated by the minister?

Some hon. Members: Agreed.

Motion agreed to.

WHEAT AGREEMENT WITH CHINA

Motion No. 26—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the long term agreement signed by the Canadian wheat board and the China Resources Company covering the period June 1, 1961 to December 19, 1963.

He said: I have been asked by the minister to let this motion stand until next week.

Motion stands.

CONTRACTS FOR WHEAT SALES TO CHINA

Motion No. 27—**Mr. Fisher:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all contracts entered into between the Canadian wheat board and the China Resources Company for the sale of grain under the long term agreement between the Canadian wheat board and the China Resources Company.

He said: A request has also been received with regard to this motion, and I am willing to let it stand for a week.

Motion stands.

AIR TRANSPORT BOARD ORDER 1865

Motion No. 30—**Mr. Barnett:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the minutes of the proceedings and transcript of evidence of the hearings of the air transport board leading up to the issuance of air transport board order, serial number 1865.

Mr. McIlraith: While there would be no objection to the production of this material, the fact is that the transcript of the evidence is some 800 pages in length and getting a copy to table would involve considerable cost. I have made available on loan to the hon. member the copy we have in the department, and in view of these circumstances I wonder if the house would be

agreeable to having the motion dropped, without prejudice to the right of any hon. member to put down a similar motion on another occasion.

Mr. Barnett: As the minister has indicated he has made available to me the information I want, and as far as I am concerned I would be willing to have the motion withdrawn.

Order discharged and motion withdrawn.

CORRESPONDENCE WITH L. D. TIPTON, BRITISH COLUMBIA

Motion No. 31—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence, telegrams and other documents exchanged between the government or any minister, agency or branch thereof, and a Mr. L. D. Tipton of François lake, British Columbia, or Burns lake, British Columbia, since January 1, 1963, and dealing with fiscal and monetary matters and of the question of Canadian ownership.

Motion agreed to.

DOMINION-PROVINCIAL CONFERENCE

Motion No. 32—**Mr. Grafftey:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence since April 22, 1963, between the Prime Minister or other representatives of the federal government and the premiers or other representatives of the several provinces in connection with the convening of a dominion-provincial conference.

Motion agreed to.

DOMINION-PROVINCIAL FISCAL RELATIONS

Motion No. 33—**Mr. Grafftey:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence between the federal government and the premiers or other representatives of the several provincial governments regarding the need of there being new fiscal arrangements being entered into and, in particular, any correspondence containing a request for an increase in the share of the provinces in company income tax, personal income tax and succession duties.

Motion agreed to.

B.B.G. HEARING RESPECTING STATION CBWT, WINNIPEG

Motion No. 34—**Mr. Stefanson:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the minutes of the proceedings and transcript of evidence of the hearings of the board of broadcast governors, dealing with an application of the C.B.C. for an increase in the effective radiated power, a change in channel and a change of antenna site of station CBWT, Winnipeg, Manitoba.

Motion agreed to.

INDIAN AFFAIRS, NORTHWEST TERRITORIES

Motion No. 35—**Mr. Rheaume:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy (a) the minutes of the conference of the Indians of the Northwest Territories and Athabasca region held at Fort Smith, N.W.T., on July 29-30, 1957 (b) the report of the commission to investigate the unfulfilled provisions of treaties 8 and 11 as they apply to the Indians of the Mackenzie district, as set up by order in council P.C. 799, dated June 25, 1959, said report having been filed in December 1959 (c) all memoranda, letters, telegrams and other correspondence exchanged between the said commission, the federal government, and the Indian people or their representatives, from December 1, 1959, to the present.

Motion agreed to.

APPOINTMENT OF OUTSIDE ASSISTANTS IN FINANCE DEPARTMENT

Motion No. 36—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the treasury board minutes respecting the appointments of the four persons named by the Minister of Finance in statements to the house as having had knowledge of the contents of the budget speech before delivery and a copy of the orders in council validating such appointments.

Motion agreed to.

UNEMPLOYMENT INSURANCE—EXTENSION TO HIGHWAYS EMPLOYEES, QUEBEC

Motion No. 37—**Mr. Martineau:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all telegrams, correspondence and other documents exchanged since April 21 between the government of Canada and the government of the province of Quebec on the application of the provisions of the Unemployment Insurance Act to the non-permanent employees of the department of highways of the province of Quebec.

Mr. MacEachen: This motion is acceptable, subject to the reservation that permission is received from the province of Quebec.

Mr. Speaker: Is the motion agreed to, subject to the reservation expressed by the minister?

Some hon. Members: Agreed.

PROTESTS AGAINST SALES TAX ON BUILDING MATERIALS

Motion No. 38—**Mr. Stefanson:**

That an order of the house do issue for a copy of all telegrams, correspondence and other documents and any replies thereto received by the Prime Minister, the Minister of Finance or any government officials protesting the new 11 per cent sales tax on building material, machinery and equipment.

He said: I have been requested to allow this to stand and I have agreed to do so.

Motion stands.

Inquiries of the Ministry

TRANS-CANADA HIGHWAY CONSTRUCTION, ATLANTIC PROVINCES

Motion No. 39—**Mr. Coates:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams and other documents exchanged between the federal government or any agency or branch thereof and any other government, person or organization since April 22, 1963, relating to the trans-Canada highway agreement and the proposal by the federal government to share on a 90-10 basis with the provinces the construction of such highways in the Atlantic provinces.

Mr. Deschatelets: This motion is acceptable subject to permission of the parties concerned and the retention of confidential documents.

Mr. Speaker: Is the motion agreed to subject to the reservations expressed by the minister?

Some hon. Members: Agreed.

NATIONAL DEFENCE

NUCLEAR WEAPONS—ESTABLISHMENT OF AMMUNITION DUMPS IN CANADA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): With a view to clarifying the ambiguity which rose a few minutes ago in connection with the release to which reference was made by the hon. member for Nanaimo-Cowichan-The Islands, may I ask the Minister of National Defence whether it is proposed to establish ammunition dumps at five places on Canadian soil?

Hon. Paul Hellyer (Minister of National Defence): Yes, it is, as soon as a bilateral agreement has been signed with the United States to permit the stockpiling of atomic weapons and as soon as the technical agreements have been signed between the services of the two countries.

[*Later:*]

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a question for the Minister of National Defence arising out of two statements he made to the house this afternoon, the first being that there had been no release of information regarding nuclear ammunition dumps from this department and the second that the establishment of these dumps was government policy. In the light of these two statements I wonder whether the minister can give us any explanation for the fact that the story containing this information appeared under the byline of one of the most respected members of the press gallery reporting to the Premier Press Agency of Canada?

Mr. Hellyer: Mr. Speaker, I find it quite impossible to keep up with everything that the 160,000 servicemen and employees of the Department of National Defence say, but just in case one of them had indicated the obvious to some member of the press gallery I wanted to set the record straight today. Plans are being prepared, as was directed by the previous government, in the event the decision is ultimately made, and we hope that a decision will be reached soon.

Mr. Diefenbaker: Mr. Speaker, that is a gratuitous statement.

Some hon. Members: Order.

Mr. Cameron (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker.

Mr. Diefenbaker: I rise on a point of order.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I have a supplementary question for the Minister of National Defence.

Mr. Speaker: Is it a question of order?

Mr. Diefenbaker: Yes. You have mentioned that certain questions are out of order, Mr. Speaker. Do you not think that the answer just given was in the same category?

Some hon. Members: Order.

Mr. Diefenbaker: I should like a ruling on that, Mr. Speaker, because you have been saying that questions are not in order. The statement added by the minister had no place in his answer and he simply wanted to put something before the house that was improper. I suggest that the rules should also apply to him.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I have a supplementary question Mr. Speaker. If, as the minister tells us, he has no idea how this very factual story got out of his department, is he taking any steps to check leaks from his department?

Mr. Hellyer: Yes, I will be making some inquiries after I go back.

Mr. Knowles: Ghost writers.

Mr. Cameron (Nanaimo-Cowichan-The Islands): A further supplementary question, Mr. Speaker. Can the minister tell us whether the report broadcast on the radio last night that a serving officer of the Royal Canadian Air Force had made a statement in connection with this matter is correct and, if so, has he taken steps to discipline this officer for taking such action?

Mr. Hellyer: Mr. Speaker, I did not hear the report.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. If a decision has been taken by the minister's

department to establish these nuclear ammunition dumps, may I ask the minister why that decision was not communicated to the house before?

Mr. Hellyer: Mr. Speaker, in the language in which the hon. gentleman puts this question may I say that a decision has not been taken to establish dumps until certain other things are done. I mentioned in the house this afternoon what those things were, the satisfactory conclusion of an agreement with the United States with regard to the general terms under which special ammunition can be stored and then technical agreements to work out the other details. Planning is going ahead so that these things can be expedited in a reasonable length of time if the agreements referred to can be signed in the meantime.

Mr. Douglas: A supplementary question, Mr. Speaker. Will United States military personnel be attached to these bases?

Mr. Hellyer: Yes, Mr. Speaker.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): I have a further question which I should like to address to the Minister of Finance. Now that his colleague the Minister of National Defence has indicated that the report about nuclear arms dumps is correct in substance, even though it was unauthorized, can the Minister of Finance tell us whether the estimates which he tabled included an amount of $7 million for the construction of nuclear weapons dumps as indicated in this report?

Mr. Gordon: Well, Mr. Speaker, I will have to take the question as notice.

D.E.W. LINE—DISMISSAL OF CANADIAN EMPLOYEES BY U.S. COMPANY

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I should like to direct a question to the Associate Minister of National Defence. Has the distant early warning line been fully staffed until now, and if so how is it possible for the company operating the line to have substantially reduced staff since the labour dispute took place?

Hon. Lucien Cardin (Associate Minister of National Defence): I want to thank the hon. member for having given me notice of his intention to ask this question. However, I received the notice only after I entered the chamber. It has been impossible for me to confirm whether it is a fact that a substantial reduction in personnel on the D.E.W. line has been caused by the recent labour dispute. I shall have to take the question as notice.

(Translation):

DOMINION-PROVINCIAL RELATIONS

QUEBEC—REQUEST FOR DELAY IN CONVENING CONFERENCE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to ask the Prime Minister a question.

Considering the national urgency of the matter, when will the Prime Minister answer the letter of Mr. Lesage, in which he asks that the study of the proposed federal aid to the municipalities be delayed until after the interprovincial conference which will be held in Halifax? We would like to have some particulars on this point at the earliest possible opportunity.

(Text):

Right Hon. L. B. Pearson (Prime Minister): I will answer that question as soon as possible, Mr. Speaker.

(Translation):

QUEBEC—WITHDRAWAL FROM JOINT PROGRAMS CONCERNING POWER

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I wish to direct a question to the Prime Minister. Can the Prime Minister tell us if the government has received from Mr. Rene Levesque, minister of natural resources in Quebec, a communication concerning the statement he made yesterday in the legislature of the province of Quebec, to the effect that Quebec would withdraw from the joint programs related to studies about electric power.

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, to my knowledge I had received no communication up to the time of the convening of the session, but I will look into it when I get back to my office.

TRANSPORT

REQUEST FOR STATEMENT FOLLOWING MEETINGS WITH MINISTER

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I should like to direct a question to the Minister of Transport, and to preface my remarks by saying that I appreciate the courtesy with which he has handled this matter with respect to myself outside the house. First I should like to inquire if the Minister of Transport is prepared to make a statement setting out any conclusions reached at the two meetings which he held yesterday,

the first with Hon. Woodrow Lloyd, premier of Saskatchewan, relative to rail line abandonments in that province, and the second with representatives of the railway unions in relation to the so-called run-throughs proposed by the C.N.R.?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, yesterday I had two interviews dealing with railway matters. The first was with Premier Lloyd of Saskatchewan with a supporting delegation, to discuss the MacPherson commission report and any prospective legislation based thereon. In that interview the premier put forward the point of view of his province with relation to the royal commission report and with relation to various points which might arise in prospective legislation. I do not know that there is a statement which can be made. No conclusions were reached; it was not that kind of conference. It was a matter of discussing the royal commission report and possible subject matter for legislative action arising from it. It was a rather thorough type of discussion and, at least from my point of view, a very satisfactory one, and I would hope the premier and the delegation with him feel the same way about it.

The other interview was with the representatives of the railway unions concerning the same general subject matter. It was not limited to the question of run-throughs; it dealt with a wider area. It was a matter of the representatives of the unions putting forward their proposals for legislative action on the MacPherson commission report and other related matters affecting the railways and the unions. Again no conclusions were arrived at.

I might say that the interviews were not only with myself on behalf of the government but also other ministers representing transport in committee of the cabinet.

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to ask a supplementary question pertaining to the divisional point run-throughs. Will the minister take steps to stop the C.N.R. making these run-throughs until wage negotiations over new wage contracts come up in the spring of 1964?

Mr. McIlraith: No, Mr. Speaker, I would not be willing to give that kind of undertaking. I do not think that kind of undertaking meets the problem of those areas, in view of the reorganization of the railway service.

BRITISH COLUMBIA—FEASIBILITY STUDY OF CANAL PROJECT

On the orders of the day:

Mr. Stuart A. Fleming (Okanagan-Revelstoke): Mr. Speaker, I wish to ask the Minister of Northern Affairs and National Resources a question, but in his absence perhaps the acting minister could convey it to him. My question arises from the question I asked the minister yesterday and the reply he gave me at that time. I asked whether he had received any representations on the Okanagan-Shuswap canal project, and the minister told me yesterday he had received no such representation, either official or unofficial, and in particular no representations from a Mr. Henry Tremblay. I have before me a newspaper report from Vernon dated June 20, in which it is indicated that Mr. Tremblay advised the newspaper that he had met with the minister during a recent visit to Ottawa and presented details of the canal project which would link Shuswap and the Okanagan—

Mr. Speaker: Order. I must interrupt the hon. member. I have been waiting for his question, and I wonder whether he would put it.

Mr. Fleming (Okanagan-Revelstoke): The question is this. The minister answered my question yesterday, and now we have a completely contradictory report—

Some hon. Members: Order.

Mr. Fleming (Okanagan-Revelstoke): I do not think you will like the question, but I will get on with it. I should like the minister to clarify this matter which is of tremendous importance to people in north Okanagan who would like to know what is going on.

AGRICULTURE

FEDERAL GRANT FOR WESTERN VETERINARY COLLEGE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I have a question for the Minister of Agriculture arising out of the statement he made to the house yesterday. Will the government consider raising the maximum limit of $625,000 to $1 million for construction of a veterinary college in western Canada, inasmuch as—

Some hon. Members: Order.

Mr. Speaker: I regret to interrupt the hon. member, but this is a question for the order paper.

[*Later:*]

Mr. Olson: I should like to rephrase my question, Mr. Speaker, and I hope it will be acceptable to you. It is addressed to the Minister of Agriculture. Will the government consider paying 25 per cent of the cost of a veterinary college rather than the limited amount set out in his statement yesterday?

Hon. Harry W. Hays (Minister of Agriculture): The decision of the government is to

provide assistance in the amount announced in the house on June 25.

EGGS AND HOGS—CONTINUATION OF DEFICIENCY PAYMENTS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, a few days ago I directed a question to the Minister of Agriculture dealing with the method of making deficiency payments on eggs and hogs. At that time he said he would give a report later. Would he be in a position to give this information now.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in reply to the hon. member, consideration has now been given to this matter. It is the intention of the agricultural stabilization board to continue to base the deficiency payment programs for eggs and hogs on a national annual weighted average price.

[*Later:*]

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question, or probably a supplementary question for the Minister of Agriculture. Will he indicate whether the officials of the stabilization board will be invited to come before the standing committee on agriculture before the summer recess?

Mr. Hays: Mr. Speaker, I cannot answer that question at the moment, but I will take it as notice.

HEALTH AND WELFARE

INQUIRY AS TO FURTHER PROPOSED LEGISLATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as one abstainer to another I wish to address a question to the Minister of National Health and Welfare, or to her parliamentary secretary. I ask the question because many people are curious as to the minister's intentions. Does the minister intend to introduce any further legislation prior to the proposed recess of parliament in the latter part of July?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, may I take this question as notice.

(Translation):

WORLD FAIR

REQUEST FOR REPORT ON DISCUSSIONS WITH MONTREAL MAYOR

On the orders of the day:

Mr. Georges Valade (St. Mary): Mr. Speaker, may I ask the Prime Minister a question, of which I sent him notice?

Could the Prime Minister tell the house whether the call which was made yesterday at his office by the mayor of Montreal and the chairman of the executive committee was in connection with the site or with some structural change in the organization of the World Fair Corporation?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I had the pleasure of a talk with the mayor and chairman yesterday. We talked about matters generally connected with the fair, especially the commitments and responsibilities of the federal government in regard thereto.

(Translation):

Mr. Valade: May I ask a supplementary question, Mr. Speaker? Could the Prime Minister tell us whether his government considers replacing Mr. Paul Bienvenu as chairman of that corporation, or perhaps lessen his authority by appointing a general manager who would have full authority with regard to the corporation?

(Text):

Mr. Pearson: Mr. Speaker, this particular officer of the commission was appointed by the previous government in agreement with the provincial government of Quebec and the municipality of Montreal, and the question of his position did not come up.

LABOUR RELATIONS

VANCOUVER—STEPS TO PREVENT STRIKE OF LONGSHOREMEN

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of the impending strike which may tie up all Pacific coast ports, can the minister inform the house of the efforts being made by his department to settle the dispute between the longshoremen and the shipping federation of British Columbia?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, my information is that the parties have scheduled a meeting for Friday, and it has not been reported to me that any strike action is contemplated before that meeting. In the meantime, the resident west coast industrial relations officers of the department are in constant touch with the situation and are ready to offer any assistance that might be useful in the circumstances.

(Translation):

ARTS, LETTERS AND SCIENCE

REQUEST FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, may I ask the Secretary of State a question?

Can the minister tell us whether, while questions concerning the inquiry on bilingualism are standing, the ministers concerned will see to it that they are answered?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, the most earnest consideration is being given by the government to the best way of assembling this information.

(Translation):

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I should like to put a question to the Prime Minister. Certain federal departments in my riding have been informed that Monday next, July 1, is Dominion day, while others were advised that it is confederation day.

On the other hand, the officers of an American company operating in my riding have asked me what is the holiday to be granted to their employees, whether it is Dominion day or confederation day.

(Text):

Mr. Speaker: I am sorry but I have to suggest that this is a question for the order paper.

[*Later:*]

(Translation):

Mr. Chapdelaine: Mr. Speaker, I feel that the question I asked a while ago is of such urgency that it cannot wait until orders of the day, because certain employers might play on words if the collective agreement they have with their employees mentions "Dominion day" instead of "confederation day", and they might refuse a holiday next Monday.

Could the Prime Minister tell me whether that holiday should be called "confederation day" or "Dominion day"?

(Text):

Right Hon. L. B. Pearson (Prime Minister): Monday will be Canada's national day, Mr. Speaker.

[*Later:*]

(Translation):

PUBLIC SERVICE

CHIBOUGAMAU, QUE.—ADVERTISEMENTS FOR COMPETITION NO. 63-M-947

On the orders of the day:

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Secretary of State. A few days ago we received from the civil service commission a poster from Montreal dated June 17, 1963, in connection with position 63-M-947 at Chibougamau, in my riding. However, the competition is open only to residents of Chibougamau and the lake St. John district. Why are my constituents not eligible?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I will draw the question to the attention of the civil service commission.

SHIPPING

REPORTED SUSPENSION OF SERVICE BETWEEN HALIFAX AND HAITI

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I have a question and I am not sure whether it should be directed to the Minister of Fisheries or the Minister of Transport, but I hope the minister responsible will take this matter under consideration. The decision of Saguenay Shipping to suspend its services to Haiti is being keenly felt by the salt fish trade in Nova Scotia. In view of the fact that these ships are the only direct and regular link between Halifax and Haiti, and Haiti is a valuable salt fish market, will the minister investigate this problem in the hope that alternative delivery methods may be provided?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I wish to advise the hon. member that this matter will be given serious consideration by my department and the Department of Transport.

ST. LAWRENCE RIVER—INQUIRY AS TO WINTER NAVIGATION

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport with respect to two items in today's Montreal *Gazette* about winter navigation on the St. Lawrence, one a report concerning a congressional committee in the United States and the other a protest from the marine workers of America. Will the minister take these two matters under advisement and give us the attitude of the new government on this general subject which is so important to the maritimes?

Hon. G. J. McIlraith (Minister of Transport): Yes, Mr. Speaker.

(Translation):

DEFENCE PRODUCTION

MONTREAL—REQUEST FOR CONTRACTS FOR CANADAIR

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a

question to the Minister of Defence Production. In view of the serious situation at Canadair, could the minister comply with the wishes of the mayor of Ville St. Laurent and tell us if that company will soon be getting important contracts?

(Text):

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, I will have to take that question as notice.

FINANCE

ESTIMATES OF DEPARTMENT OF NATIONAL DEFENCE

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to direct a question to the Minister of Finance. When the minister tabled the estimates earlier in the session he stated that the present government was accepting the estimates as prepared by the previous administration. I should like to ask him whether this statement applied to the estimates of the Department of National Defence in every particular.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I have nothing further to add to what I said on that occasion.

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the withdrawal of the 30 per cent tax on securities sales to foreign investors and the contemplated withdrawal of other revenue taxes, would the minister now revise the deficit figure of $565 million forecast in the budget to a more realistic one, say in the neighbourhood of possibly $1 billion?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, it seems to me that is a rather hypothetical question.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct a question to the Minister of Finance. Will the minister consider withdrawing the 11 per cent discriminatory sales tax on typesetting, plates, art work, etc. used by printers, thereby eliminating the double taxation—

Some hon. Members: Order.

Mr. Speaker: I am sorry but this question is not in order.

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of Finance, and I apologize for not giving him notice. It has just come to my mind. Has the minister received any representations from the government of British Columbia for exemption from sales tax on purchases in connection with the construction of the Peace river dam?

Mr. Gordon: No, Mr. Speaker.

Mr. D. M. Fisher (Port Arthur): I should like to ask the Prime Minister a question arising out of the answer he gave to question No. 704. If I understood correctly, the Prime Minister has come to a decision not to have an investigation of any kind. I wanted to take up with him the answer he gave to the hon. member for Burnaby-Coquitlam on June 19, when the hon. member asked him whether the Prime Minister was prepared to have a study made of the trading pattern and the Prime Minister replied that in so far as this is a matter of governmental and ministerial responsibility, he would be very glad to initiate some inquiry. I wanted to ask the Prime Minister whether he saw any distinction between the request to which he acceded when it came from the hon. member for Burnaby-Coquitlam, and the one I put to him. If so, what is the distinction, and what does he plan to do about the question put by the hon. member for Burnaby-Coquitlam?

Right Hon. L. B. Pearson (Prime Minister): Yes, the distinction is obvious.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question to the one asked by my deskmate, the hon. member for Port Arthur. I should like to know from the Prime Minister, since he undertook to have an investigation made into the trading patterns immediately preceding and following the budget to see if there was any evidence there that would warrant a further investigation, if such an investigation has been made, and if so by whom and what were the results of this investigation?

Right Hon. L. B. Pearson (Prime Minister): That request went to the presidents of the exchanges, and I have not had a reply yet. They are making the investigation.

FISHERIES

INQUIRY AS TO DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to direct to the Minister of Fisheries, notice of which I have given. Can the minister say anything today respecting the proposed federal-provincial conference on the welfare of the fishing industry? Can he indicate the time or place of such meeting?

Inquiries of the Ministry

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I am pleased to inform the hon. member and the house that the Department of Fisheries is considering the convening of a federal-provincial conference on the welfare of the commercial fishing industry. I may add that the ministers responsible for the administration of the fisheries in each of the provinces have been notified accordingly, and a conference will be held either in the late fall or early in the new year.

Mr. G. L. Chatterton (Esquimalt-Saanich): A supplementary question, Mr. Speaker. Will representatives of the trade also be invited to attend the conference?

Mr. Robichaud: No report has reached me as yet.

UNITED NATIONS

CANADA'S CONTRIBUTION TOWARD COST OF OPERATION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. In view of the reported temporary settlement of the United Nations financial crisis I was wondering whether the minister could tell us the extent of Canada's participation in this eminently successful project, as it is reported to be; and is Canada's contribution of $300,000 of a temporary nature, a first payment toward this contribution or is it one of a series of payments?

Mr. Speaker: Order. This question should be put on the order paper.

WATER RESOURCES

BRITISH COLUMBIA—SUGGESTED DIVERSION INTO FRASER-THOMPSON SYSTEM

On the orders of the day:

Mr. Frank Howard (Skeena): Yesterday I directed a question to the Minister of Fisheries relating to an article in the Trail *Times* of June 18 reporting a speech made by Mr. Roy Perrault, leader of the Liberal party in British Columbia, about diverting the waters of the Columbia into the Fraser-Thompson river system. The minister answered—

Mr. Speaker: Order. The hon. member must surely realize that this is a short afternoon. It is now 4.25. I do not want to cut off questions; that is not my right or duty, but hon. members must realize we have not much time left.

Mr. Howard: This is a matter of great urgency to the salmon industry of British Columbia, and surely to heavens after a long—

[Mr. Mather.]

An hon. Member: Put your question.

Mr. Speaker: Order. If I remember correctly this question or similar questions have been raised for the last four days in this house.

Mr. Howard: I beg to differ with you, Mr. Speaker. To my knowledge, and according to the *Hansard* record, the only time the question was raised was yesterday.

Mr. Speaker: Put the question.

Mr. Howard: Yes, I was going to do so. I should like to ask the Minister of Fisheries if he has yet had a chance to peruse the item and has he any comment to make about it?

Hon. H. J. Robichaud (Minister of Fisheries): No decision has yet been reached to that effect.

Mr. Howard: I drew it to the attention of the minister yesterday.

Mr. Robichaud: In reply to the hon. member, I told him yesterday that I had not seen the article, and I have not seen it yet.

Mr. Howard: Well, there is a difference there.

PENSIONS

POSSIBLE DELAY IN INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Does the invitation of the federal government to the provinces to join in discussions on pension matters contained in a letter to the provinces which the Prime Minister tabled and had placed on *Hansard* yesterday, imply that the introduction of legislation regarding a Canada pension plan is to be delayed until after these discussions have taken place?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, that is not an implication that need be drawn from the letter.

Mr. Knowles: May I ask a supplementary question. Can we take it that it is the government's intention to go ahead with the legislation as early as possible?

Mr. Pearson: If we do not make more progress than we have made this afternoon, Mr. Speaker, we will never get to it.

Some hon. Members: Hear, hear.

Mr. Knowles: I do not know why hon. members opposite applaud these evasive answers.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, June 25, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

(Translation):

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, when we adjourned the debate last night, I was commenting on the new taxes imposed by the new budget.

Instead of penalizing the rich who usually enjoy reasonable luxury, these taxes affect the little people. Some luxury taxes might have been boosted again, taxes on alcohols and cigarettes, or the excise stamps on cheques might have been called into play again, etc. Instead of all this, an iniquitous tax of 11 per cent is imposed on building materials. They ignored the axiom which says that activity in the building trade is a sign of prosperity. The individual is strictly entitled to housing as well as to food. And I respectfully suggest that this tax be abolished completely and definitely.

Even the $500 bonus, Mr. Speaker, does not mean any improvement in the situation of the building trade. It will tremendously slow down construction during the summer, because the people will want to take advantage of this hand-out, and winter construction being more costly, house builders will have to increase their price far beyond the government bonus.

For the good health of this country's building industry, I am also asking the government to promise that this allowance will be withdrawn. At the very least, Mr. Speaker, the entire field of construction should be kept in its status quo.

I liked very much the minister's idea of trying to liberate the Canadian economy as regards ownership and management of our industries. Nevertheless, it is a bad principle to punish one to emancipate the other. It would have been better to grant additional tax exemptions to Canadian holders of industrial and commercial shares. That would have been a powerful incentive to investment at home. For his part, Mr. Kierans succeeded in getting what he wanted by having the negative element withdrawn. Now the minister should come up with something positive.

With the national holiday of the French Canadians only a few days away, let me tell you, Mr. Speaker, that I feel proud today of being a Canadian and, in addition, French speaking. That pride we feel in our country would have to spread more and more so that all of us, at different levels, could think in terms of our own interests, without even thinking of paralysing others.

Middle class workers make up the great majority of the Canadian people. They are the ones who should benefit from certain reliefs instead of always being the forgotten men. The state eventually will have to treat them more humanly, thus more Christianly, in order that they may achieve their full physical and moral development.

Let us never forget that our contribution, in whatever field it might be, should bring something lasting and not be meant for our own personal benefit. It does seem, from the recent budget speech, that we are some way off from reaching that degree of perfection.

(Text):

Mr. R. N. Thompson (Red Deer): Mr. Speaker, in the very few minutes of this debate that are left it is hardly possible to give very much of the material I had intended to bring to the attention of the house. Suffice it to say, however, in view of the shortness of time, that this budget has been the biggest disappointment of any budget introduced in recent years—

Mr. Diefenbaker: Why did you not vote for the amendment?

Mr. Thompson: —in that it was no better than any the former government brought in, but that the people of Canada had expected something better. I am convinced that neither of the old parties, with the approach they take to solve Canada's economic problems, has the answers to Canada's economic needs. Otherwise we would not be continually moving in the realm of deficit financing, with higher and higher tax loads.

My attention was drawn the other day to an editorial in the Penticton *Herald* of June 11 which says:

> Our frequent reference to the dangers of long continued federal deficit financing is this one fact—every deficit position makes it cumulatively more difficult to get a balance the next time.
>
> The servicing of the debt, in itself, is an ever tightening strangulation—
>
> Canadians, let's face it, are not willing to make the sacrifices necessary, nor do most legislators know what's happening. Either they don't care, or they're too politically timid to risk their election necks.

Something should be done, Mr. Speaker, if we are to have any hope at all of continuing in the way that a nation such as Canada should. This year the cost of servicing our debt is $93 million more than it was last year, and it will be more next year because inevitably the national debt goes higher and higher.

I realize the Minister of Finance has endeavoured to bring the deficit down for the coming year, but the sad part of it is that the policies which he followed and the steps which he took have brought about the very reverse of the condition he intended to bring about, and which should be brought about.

The 11 per cent tax on building materials is a very unfortunate tax addition. I would appeal to the minister, in view of the tremendous objection from right across Canada, to remove this tax from building materials, and do it as soon as possible. Otherwise we will find that not only will unemployment increase but the whole expansion of our economy will grind to a halt, and bring about a situation which certainly will not be in the best interests of the country.

Mr. Churchill: Would the hon. member permit a question?

Mr. Thompson: There is no time for that now.

Mr. Churchill: Why did you not vote for the amendment?

Mr. Thompson: If the government is not able to withdraw this tax completely, then I would appeal to it to postpone the effective date of the tax until January 1, 1964. If the government did this it would have a very salutary effect on the building trade across the country, and would spur people engaged in the construction industry to much greater activity, which in turn would help the economy. This tax will not only work hardship on home construction but also on many other aspects of the industry. In fact no event in parliament has ever brought so much correspondence across my desk, and I am sure this is true of the Minister of Finance and other hon. members as well. Therefore I appeal to the minister to take some action to correct the situation. Either withdraw the tax completely or else postpone its effective date.

A second matter which I believe to be urgently essential is that new steps must be taken to reach the basic needs of the country so far as its economy is concerned. We are no longer living in an era when there is a problem of production. To all intents and purposes that problem has been solved. Our problem now is one of distribution, and it is a question of how we can increase more effective demand in order to increase our consumption both at home and with respect to our export markets. What Canada needs is a different approach to its economic policies based on the premise that our basic problem is one of distribution and consumption rather than of production. The tax load must be eased, particularly for those in the lower income brackets; the 11 per cent tax on building materials is going to strike hardest at this level. Furthermore there must be an increase in the effective demand of our people. This can only be accomplished by more purchasing dollars being in their hands in order to consume the production of which we are capable. The tax base must be broadened by the expansion of the economy in such a way that greater taxes are not imposed upon any particular group, but that there is a greater increase in earnings and in the value of our over-all economy so that the load will be lighter for all concerned.

One of the greatest problems that faces our economy today is in the realm of social capital. It has been estimated by economists and by those who are very close to the over-all needs of our nation that we require at least $1 billion a year for the next ten years in the realm of social capital. One of the most effective ways of speeding up the expansion of our economy and placing more purchasing power in the hands of wage earners and consumers at large would be to put vast amounts of social capital into the economy to take care of our public needs in the realm of schools, roads, hospitals, bridges, public buildings and this type of project. However, this need not be done through deficit financing if we face the fact that we ought to be using the Bank of Canada to supply this social capital. If this were done the very crux of the problem would be dealt with, and I am convinced we would see the economy moving forward on the basis upon which it should and must move forward if we are going to solve this problem of meeting the financial needs of our governments and at the same time give the incentives for our industry and commerce to move forward.

Some hon. Members: Time.

Mr. Grafftey: Mr. Speaker, would the hon. member permit a question?

Mr. Thompson: No, there is no time for a question.

Mr. Pigeon: Explain your last vote.

Mr. Diefenbaker: You voted the other way.

Mr. Grafftey: In view of the speech—

Mr. Speaker: Order, please. The hon. member should address the Chair. Has the hon. member for Red Deer (Mr. Thompson) finished? He has a few seconds left.

Mr. Thompson: I have not finished, Mr. Speaker, but I see it is a quarter to five.

Mr. Pigeon: Explain your vote in a few seconds.

Mr. Speaker: Order. It being 4.45 o'clock p.m. it is my duty, pursuant to section 6 of standing order 58, to interrupt these proceedings and forthwith put the question on the main motion. Accordingly, the question is as follows. Mr. Gordon, seconded by Mr. Pickersgill, moves:

That Mr. Speaker do now leave the chair for the house to resolve itself into committee of ways and means.

Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Gordon) which was agreed to on the following division:

Division

YEAS

Messrs:

Addison
Armstrong
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Beaule
Bechard
Beer
Benidickson
Benson
Berger
Boulanger
Boutin
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Caron
Carter
Cashin
Chapdelaine
Chevrier
Chretien
Côté (Chicoutimi)
Côté (Longueuil)
Cowan
Crossman
Cyr
Davis
Deachman
Denis
Deschatelets
Dionne
Drouin
Drury
Dube
Dupuis
Emard
Ethier
Favreau
Forest
Forgie
Foy
Francis
Garland
Gelber
Gendron
Girouard
Godin
Gordon
Granger
Gray
Greene
Groos
Guay
Hahn
Haidasz
Jewett, Miss
Klein
Konantz, Mrs.
Lachance
Laing
Lamontagne
Lamoureux
Laniel
Laprise
Latulippe
Laverdiere
Leboe
Lessard (Lake St. John)
Lessard (St. Henry)
Lloyd
Loiselle
Macaluso
Macdonald
MacEachen
MacNaught
McIlraith
McNulty
McWilliam
Martin (Essex East)
Matheson
Matte
Mitchell
Moreau
Morison
Mullally
Munro
Nicholson
O'Keefe
Olson
Otto
Ouellet
Pearson
Pennell
Pickersgill
Pilon
Plourde
Regan
Rideout
Robichaud
Rochon
Rock
Rouleau
Ryan
Sharp
Stewart
Tardif
Teillet
Temple
Thompson
Tremblay
Tucker
Wahn
Walker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan—119.

NAYS

Messrs:

Balcer
Baldwin
Bell
Bigg
Cadieu (Meadow Lake)
Cantelon
Chatterton
Churchill
Clancy
Coates
Cooper
Crouse
Diefenbaker
Dinsdale
Doucett
Enns
Fairweather
Fane
Fleming (Okanagan-Revelstoke)
Forbes
Grafftey
Gundlock
Hales
Hamilton
Harkness
Horner (Acadia)
Horner (The Battlefords)
Howe (Wellington-Huron)
Irvine
Jorgenson
Kennedy
Korchinski
Lamb
Lambert
Loney
MacEwan
MacInnis
MacLean (Queens)
MacRae
McCutcheon
McIntosh
Madill
Marcoux
Martineau
Millar
Monteith
Moore
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
Ormiston
Pascoe
Paul
Pugh
Rapp
Rheaume
Ricard
Skoreyko
Slogan
Smallwood
Smith
Southam
Stefanson
Stenson
Valade
Vincent
Webb
Weichel
Willoughby
Winkler—74.

During the taking of the vote:

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, before the result of the vote is known, I should like to call your attention to paragraph 2 of standing order 12, which provides that when a question is put—

(Text):

Mr. Speaker: Order. There is no discussion at this point.

Division

And the result of the vote having been announced: Yeas, 119; nays, 74.

Mr. Speaker: I declare the motion carried.

(Translation):

Mr. Paul: Mr. Speaker, I should like to call your attention to paragraph 2 of standing order 12, to the effect that no member can take his seat when a motion is being put. And I wish to point out that the hon. member for Chateauguay-Huntingdon-Laprairie (Mr. Watson) came in after the motion was put.

(Text):

Mr. Speaker: May I ask the hon. member for Chateauguay-Huntingdon-Laprairie (Mr. Watson) whether he was inside the chamber when the question was put? Will he tell the house whether he was in the chamber at the time the question was put?

Mr. Watson (Chateauguay-Huntingdon-Laprairie): Mr. Speaker, if I understand your question correctly, it was—

Mr. Speaker: Would the hon. member say yes or no and then we can get on with the business?

Mr. Watson (Chateauguay-Huntingdon-Laprairie): As far as I am concerned, yes.

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member has said yes and I am obliged under the rules to take his statement.

Mr. Mackasey: Mr. Speaker, I was paired with the hon. member for Bow River (Mr. Woolliams). Had I not been paired I would have voted for the motion.

(Translation):

Mr. Pigeon: Mr. Speaker, I was paired with the hon. member for Île-de-la-Madeleine (Mr. Sauvé). Had I not been paired I would have voted against the motion.

(Text):

Mr. Brown: I was paired with the hon. member for Simcoe East (Mr. Rynard). Had I voted I would have voted for the motion.

Mr. Turner: Mr. Speaker, I was paired with the hon. member for Yukon (Mr. Nielsen). Had I voted I would have voted in favour of the motion.

Mr. McBain: Mr. Speaker, I was paired with the hon. member for Halton (Mr. Harley). Had I voted I would have voted in the negative.

Mr. McMillan: Mr. Speaker, I was paired with the hon. member for Macleod (Mr. Kindt). I would have voted in the affirmative.

Mr. More: Mr. Speaker, I was paired with the hon. member for Norfolk (Mr. Roxburgh). Had I voted I would have voted against the motion.

[Mr. Speaker.]

Mr. Alkenbrack: Mr. Speaker, I was paired with the hon. member for Durham (Mr. Honey). Had I voted I would have voted in the negative.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I rise on a point of order. The hon. member for St. Antoine-Westmount (Mr. Drury) mentioned that he would have voted against the motion. I hope that this will be reported in *Hansard.*

Mr. Dupuis: That is not what he said.

(Text):

Mr. Martineau: Mr. Speaker, on a point of order—

Mr. Speaker: There is no point of order possible. The matter has been disposed of by a decision of the house.

Mr. Martineau: I was paired with the hon. member for St. James (Mr. Rinfret). I understand he is away, but he told me he would be here and that I would not have to be paired. The whip, the hon. member for Hull (Mr. Caron), told me I should have been paired, and I want to make that explanation.

WAYS AND MEANS

The house in committee of ways and means, Mr. Lamoureux in the chair.

Progress reported.

Mr. Speaker: It being five o'clock p.m. the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills.

NATIONAL PARKS

REQUEST FOR PROGRAM TO ESTABLISH RECREATIONAL FACILITIES

Hon. W. G. Dinsdale (Brandon-Souris) moved:

That, in the opinion of this house, the government, in consultation with the recently formed federal-provincial parks conference, should give immediate consideration to establishing a recreational parks program to:

1. extend the picnic sites and camp ground program;
2. complement the national parks system;
3. meet the growing recreational needs of a changing society;
4. provide adequate services and facilities for Canada's booming tourist industry.

He said: Mr. Speaker, it is unfortunate that the time to discuss this important motion is going to be limited by circumstances. However, I have been assured already by many members on both sides of the house that there is considerable support for this motion and in view of that fact I shall keep

my remarks as brief as I can in order to allow as many members as possible to take part in the debate during the period of time available.

There has been growing concern in recent years arising from the failure to establish policies that provide for the wise management and the multiple use of our renewable resources. It was because of this growing concern that the former prime minister, now Leader of the Opposition (Mr. Diefenbaker), in the year 1958 in an important policy speech called for the setting up of a national committee or conference on conservation that would deal with the urgent and critical problem of the wise management of our great resource heritage. As a result we had in the city of Montreal in the fall of 1961 that historic conference which became known as the resources for tomorrow conference. Out of that conference came recommendations that will have a significant impact on the utilization and development of our resources for many years to come.

One of the recommendations that came from that conference had to do with the urgent necessity of providing the park facilities required to meet the growing recreational needs of an affluent society. This resolution is merely underlining a policy that has been endorsed by a broad cross-section of Canadians, some 700 in number, who met in that conference; a policy that has been also endorsed by the first federal-provincial conference on park development that took place in Ottawa last October; and a policy that has been widely supported by such voluntary groups as the Audubon society and others interested in the preservation of our renewable resources.

As the resolution indicates, we have a parks program in operation at the moment. We have the national parks program which has operated in Canada since the year 1885. I think the fact that we go back to the year 1885 to mark the establishment of the program is eloquent testimony to the vision and the wisdom of the members of the government of that day who, of course, happened to be members of a Conservative administration. I say this, not with any partisan emphasis at all but only to underline that down through the years since confederation the Conservative party has always emphasized the need for wise management and development of our renewable resources.

The national parks system is still the backbone of our present parks program. It is dedicated in principle, according to the National Parks Act, to the preservation and conservation of our wildlife and our scenic beauty. There has been a slow development of the system over the years. At the present time there are only 18 such parks and they constitute less than 1 per cent of our total land area. So I think it will be readily seen by all members that we have not been overabundantly supplied in the area of national park development with park facilities of this kind.

I should also like to refer to the excellent programs that have been developed by various provincial governments which are supplementing the functions of the national parks system. However, we have reached a critical stage in our development where urgent action is required to supplement and to complement the national parks program. This is why I have used the words in the resolution that immediate consideration should be given to establishing a recreational parks program because, as I hope to demonstrate in my remarks, the time is long past due when action is required in this area.

I do not have to go into details because I am sure all hon. members have become aware of this difficulty as a result of the informational and educational impact of the resources for tomorrow conference and other recent statements that have been made in this field of activity. We have passed through a social revolution in which mobility has been intensified largely by the construction of modern paved highways and the ubiquitous presence of the automobile which has put everybody on wheels in our affluent society. There are some 66 million vehicles registered in the United States, I understand, and a proportionate number registered in Canada, which has meant that the population has become mobile in a way never before seen in history.

Combined with the factor of mobility is the availability of leisure time. With improved working conditions leisure time, which was once a rare commodity restricted to the well to do in the upper levels of society, has now become available to all. These are the two basic ingredients of the social revolution that have created an almost insatiable demand for expanded recreational facilities; and this is combined with an increase in the tourist population in recent years which can only be described as a population explosion in tourism.

The former administration moved quickly, as I have already indicated, to deal with this problem that had been long neglected.

In the national parks branch, for example, a planning section was established in 1958. There was a recommendation by the planning section that each of the national parks should be carefully surveyed and a master plan developed for each of the parks. The first such plan was announced to the members of the House of Commons last fall when the

Overlander report, which dealt with growth problems in our most populous national park, Banff national park, was tabled.

Then, too, last January in the city of Calgary, it was my privilege to announce a new zoning policy for our national parks system which would preserve the fundamental principle of national parks, namely, the conservation of wild life and areas of natural beauty, at the same time providing maximum recreational facilities. In our national park there is to be one third of the park area dedicated to the preservation of wilderness. Other portions of the park will be developed into what might best be called visitors' service centres. These would be carefully planned on the basis of the community plan to which I have already referred, so as to provide minimum impairment of wilderness areas. Then, there would be the general usage areas. Those are the three major steps that have been taken in the national parks program that I think will have an important influence on the future development of these parks.

Outside the parks branch itself, the voluntary organizations have become increasingly interested in this problem. The nucleus of a national parks association is one of the developments that came out of the resources for tomorrow conference. This was established in Toronto last April, and I heartily congratulate those citizens who have come together in order to deal with the problem of meeting the need for recreational services, resulting in increasing demand for recreational park programs.

Another major development was the federal-provincial parks conference held last October. At that conference a proposal was made to the provincial representatives that the federal government of that day would be willing to participate in such a program as is outlined in this resolution. The impression I gained from participating in the conference was that all representatives were positively oriented towards the idea.

We have been endeavouring also, of course, to create new national parks. There is a fundamental problem in this regard in that the resources belong to the provinces. Before the federal authority can establish a national park it must have land owned by the provinces made available free of encumbrances. We had made good progress towards getting agreement with the province of Nova Scotia for the establishment of an additional national park there. We were negotiating with the northern territories with a view to establishing suitable park areas there. Of course, many hon. members will be aware that there has been some consideration of an additional park in the province of British Columbia in the Garibaldi mountain area.

In addition to this, however, and I think this is fundamental to the resolution we have before us, the former government in its planning for the future of resource areas deliberately set out a program for expanding the establishment of historic sites and monuments. Here is an area in Canadian development that has been sadly neglected. I must confess one of the reasons such a program was enunciated and launched was the great interest exhibited by members from all sides of the house as well as from the public in general. There is now well under way in Canada a major program of historic site and park development. This whole program was geared to fit into our centennial celebration. By that year major historic and park restoration will be completed in every part of Canada.

One of the most important of these, is Louisburg, a multi-million dollar restoration program and which is going to have a multiple use in that it will be a major attraction for a growing tourist industry. It will provide recreational activities as well. The Plains of Abraham and the Citadel in Quebec comprise one of our oldest historic sites and is well developed. In Ontario, we have several areas that are under development. The province of Manitoba is co-operating in the restoration of the Fort Garry site. In Saskatchewan, it is Batoche. In Alberta, there are several areas and in B.C. likewise. The former administration, aware of the historic significance of activities in the north, moved to preserve historic Dawson City as a historic site. This is a matter that has come under criticism from hon. members opposite.

There is no reason why any part of Canada should be discriminated against in a program of this kind. There has been a good deal of bias against the development of northern Canada, I know, on the part of the Liberal party ever since the Conservative government announced a program for the vigorous development of this area. I think it must be recognized that Canadian development has always been outward and upward into the great Canadian northwest. One of the greatest epochs in Canadian development was the gold rush into the Yukon, the trail of '98 as it became popularly known and recognized around the world, largely through the writings of Robert Service. This is one aspect of Canadian history that is known in every part of the world, even in the more remote parts. In the days to come, it is going to be one of the major attractions of our booming tourist industry which will bring millions of dollars to the Canadian economy, as an indirect result.

However, the major purpose is to preserve our historic sites and monuments for posterity and at the same time take into consideration the multiple use concept, because these sites have recreational value as well. I can also mention the winter works program which has been used by municipalities to provide for growing recreational needs, particularly in the urban centres. There have been hundreds of recreational park areas established because of the excellent winter works program of the former administration.

ARDA needs no emphasis or interpretation on my part. ARDA, which is now getting underway in every province of Canada, provides as one of its major measures alternative land use. I know in my own province—the province with which I am most familiar—the provincial government is moving forward in several areas to use the provisions of the Agricultural Rehabilitation and Development Act in order to meet the growing demands for recreational parks. This is all fine, but on top of it the demand is so urgent and such a rapidly growing one that I am convinced we, as the parliament of Canada, must move immediately to launch, in co-operation with the provinces—and as I have indicated the matter has already been presented to the first meeting of the federal-provincial conference—to establish a program specifically designed to create recreational park areas in order to deal with some of the problems I have outlined.

Briefly this is the parks and recreational aspects of the matter, and perhaps I should add a word about the economic benefits that would derive from such a program. I know this is always a matter in consideration when governments are moving towards expenditure in some particular area of Canadian life. I believe that if we were to move enthusiastically and expeditiously into this program, any expenditure would be more than paid for by the booming tourist industry that has been talked about so much in recent months. Tourism used to be regarded as of little economic significance—

The Acting Speaker (Mr. Batten): Order. I must apologize for interrupting the hon. member, but the time allotted to him has expired.

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I am sure it has always been a pleasure for those who followed him previously, as it is for me this evening, to follow the hon. member for Brandon-Souris (Mr. Dinsdale) who was the former minister of the department which I represent as parliamentary secretary. I may say I am very grateful to him for having introduced the topic of the large outdoors, especially after the last six days, and I am sure each member of the house is grateful to him for bringing a little fresh air into the chamber. It is a refreshing change. But, in any event I was somewhat surprised to find him taking a partisan approach to the problem of recreation, which I think we would all endorse. With respect I would like to remind him that the Conservative party has no monopoly on the north, nor has it a monopoly on the park lands of Canada, except perhaps a blurred vision here and there.

Since this is the first time I have had an opportunity to speak this session may I, sir, through you transfer to His Honour the Speaker my loyalty and congratulations. He is a man of many talents and, as you know, a man with countless friends. He has all the requisite qualities for the office he now holds. He has a sense of fairness, a judicial and even temperament, and a gift of humour. I consider myself fortunate to have had the benefit of his friendship ever since I entered politics.

I had the good fortune to speak at the nomination convention of Mr. Deputy Speaker, the hon. member for Stormont, a year or so ago, and I believe I have the agreement of all hon. members present when I say his position too is a just reward for his capacities. He has already established a good reputation in the chair, even showing courage enough to stand up to the ministry on occasion. To you, sir, as the deputy chairman of committees I also extend my heartiest congratulations.

The motive behind this motion today is the result of a growing urbanized society, a society that will be choked if it cannot break out into the outdoors. That is what I understand the mover to mean when he says in his motion that we must establish a parks program to "meet the growing recreational needs of a changing society". In Canada we have 15 metropolitan centres which contain nearly 40 per cent of our population. It is because of that concentration of population that our people are in need of outdoor recreation We have had an outstanding population growth accompanied by the phenomenon of increased leisure time. We have the increased mobility given to us by the automobile, and although my hon. friend calls it the affluent society, I can say we do have a certain increase in our standard of living. What has been the result of this, and why do I suggest this motion meets with the general endorsement of the house? It is because there has occurred a crisis in recreation, and it is composed largely of urban pressures. This has made our national parks system inadequate.

Request for Parks Recreational Program

If I might cite to the house the figures of the numbers of people who have visited our national parks over the years, I think it will illustrate just what I mean. In 1911 there were 100,000 annual visitors to our national parks; in 1920, 150,000; in 1930, 500,000, and in 1939, a million. Bringing the figures up to date, last year there were 7½ million visitors to our national scenic parks.

I have had a projection made for me by the officials of the national parks branch wherein they estimate that this year we will see over 8 million people visit those parks, and in 1970 it is estimated that 10.5 million people will visit our park lands. By 1975 this will increase to 15.5 million people. This, you will appreciate, has put an undue strain on the whole national parks system, and if the house were to allow me the necessary consent to table two charts, I would like to do so. One chart indicates the increase in visitor attendance to our national parks over the past 32 years, and the other chart indicates the increase in the use of national park camp grounds over the past 12 years. I think the house would get a very graphic view from these charts of just how impressive the growth in the use of our parks has been.

The Acting Speaker (Mr. Batten): Does the hon. gentleman have the unanimous consent of the house to table these two charts?

Some hon. Members: Agreed.

Mr. Turner: As I have said, this phenomenal increase has placed undue demands on the facilities of our national parks, because they were not originally established to supply mass recreation. They were established to preserve the wilderness of the country, to preserve sections of this land in its natural state, so that those who came after, and future generations to come, could travel unmolested in virgin timberland and near silent streams in order to re-create themselves, which after all is perhaps the compound from which the word recreation is properly derived. But despite the efforts of the national parks branch—and I would like to take the opportunity to congratulate the men and women who staff this branch, a branch that is understaffed today—the national parks system has become inadequate. Consequently we have in Canada a need to supplement and complement the national parks system. That is, I presume, what the motion refers to. We must extend the national, provincial and other parks systems in this country. We must preserve the areas of Canada that are best suited for recreation while there is still time, while there is still land available and while they still can be preserved without a massive expenditure.

I would suggest then, sir, that we must have a formal recognition by this house of recreation as a vital use of land, of recreation as a renewable land resource. The problem, as the hon. member has quite rightly pointed out, is that the jurisdiction over most of the available land is provincial. We must therefore look toward a co-operative federalism, if you will, to combining and co-ordinating the federal and provincial jurisdictions. It was to that end that the first federal-provincial park conference was held last year which established for the first time a contact between the two levels of government on park matters. Because there is a common problem my suggestion to the house would be that a conference or a series of conferences from year to year or every second year is no longer enough; that we should set up a permanent federal-provincial secretariat in charge of co-ordinating the planning, development and use of parkland, which would also be in charge of developing new lands. This secretariat would be a clearing house as well, so that some of the less favoured provinces could benefit from the experience of those which have been more blessed by nature and wealth. I said that time is of the essence because unless these lands are set aside for recreation now, mineral, forest and hydro-electric development will assume an early control over these lands and deprive them forever from the use of the citizenry of this country as a means of enjoying leisure time.

What is a national park? I have already said that it is a wilderness area where nature is preserved in its natural state. It can only be preserved if alternate and intermediate areas of recreation are immediately developed so that the boating, hiking and other more mechanized forms of recreation can be put into this type of land so that the national parks can be preserved in their sanctity. There are dangers to our parklands today. Commercialism is one. The pressures of profit must not be allowed to scar the beauties of this country. I would urge the house in its consideration of this problem to recommend, in conjunction with the provinces, at some future date, that the countryside be zoned so that private enterprise untramelled and unrestrained will not, helter-skelter, scar the countryside to the detriment of the general common weal. The parks have another enemy, the machine age. The very automobile that allows people to get there also tends to encroach on the sanctity of the parkland. There are dangers of too easy an access, because we do not have respect for what we do not have to work for. I can remember the chagrin I had in northern Ontario in the Temagami area at one time when with two friends of mine we spent over a week and a half to

canoe into lake Florence right in the Gowganda area. After we had been fishing there for two days an airplane landed with three or four fishermen who had taken about an hour and a half from Toronto to get to the same source of nature's bounty that had taken us a week and a half to reach. The private occupation of the key areas of some public lands of our national parks is also a hazard. I would think that the house would want to endorse a policy to the effect that public land in the national parks must remain open to the ordinary citizen and must not be blocked by those who have been allowed over past years to build cottages and shacks and put up tents on a yearly leasehold basis until they consider the land almost their own and impede its access to the ordinary man, woman and child. I say this because the national parks are surely dedicated to all the people of Canada and are maintained by the general taxpayer for public use. It is not the purpose of the national parks to provide summer residential subdivisions, cottage lots or shack-tent areas for the exclusive use and possession of private individuals.

The people who will benefit from future recreation are the generations to come. Sometimes, Mr. Speaker, out of the mouths of babes wisdom is ordained and strengthened. I have here a colour book with certain little essays prepared by the children of the Banff composite high school at Banff national park, which was the first of our national parks. I would like to commend the teacher of this seventh grade social studies class, Mrs. Kathleen McAuley who had, if I might say so, the good sense to ask her pupils to tell her, the country and themselves what they thought the purpose of a national park should be. One little boy, Phillip Elliott, wrote this and I think it is perhaps as good a definition of a national park as I have read. He wrote that "a national park should serve men as a reminder of what he almost completely destroyed in many cases and prevent him from doing it again." I am sure the hon. member would admit that this young man has put the case as well as or better than either he or I could put it.

Therefore I am happy to endorse the idea behind this motion and hope that some day soon it will become an item of national policy and will meet the approval of the provincial governments that we set up a permanent secretariat in charge of our parklands. This is my hope, because what we do today, sir, will influence the welfare and happiness of countless generations of our fellow citizens, of children such as those whose handiwork I have brought to the attention of this honourable house this afternoon.

The Acting Speaker (Mr. Batten): Order. A few moments ago the house gave unanimous consent to the hon. member for St. Lawrence-St. George (Mr. Turner) tabling two charts. I am wondering whether I correctly interpreted the wishes of the hon. member. Does the hon. member want these two charts tabled, or does he want them reproduced in *Hansard*?

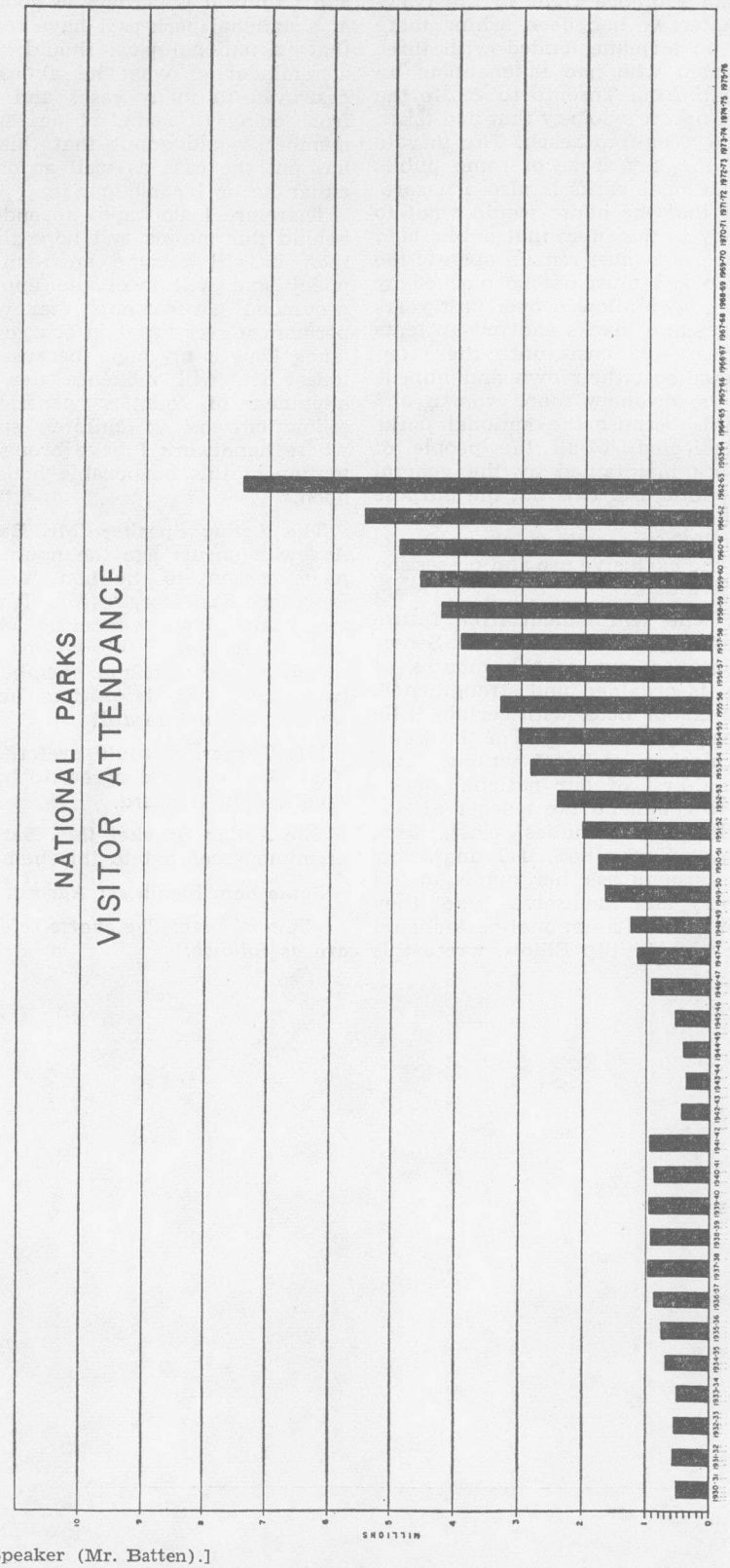
Mr. Turner: I would prefer, Mr. Speaker, if the house would agree, to have them reproduced in *Hansard*.

The Acting Speaker (Mr. Batten): Is there unanimous consent to this being done?

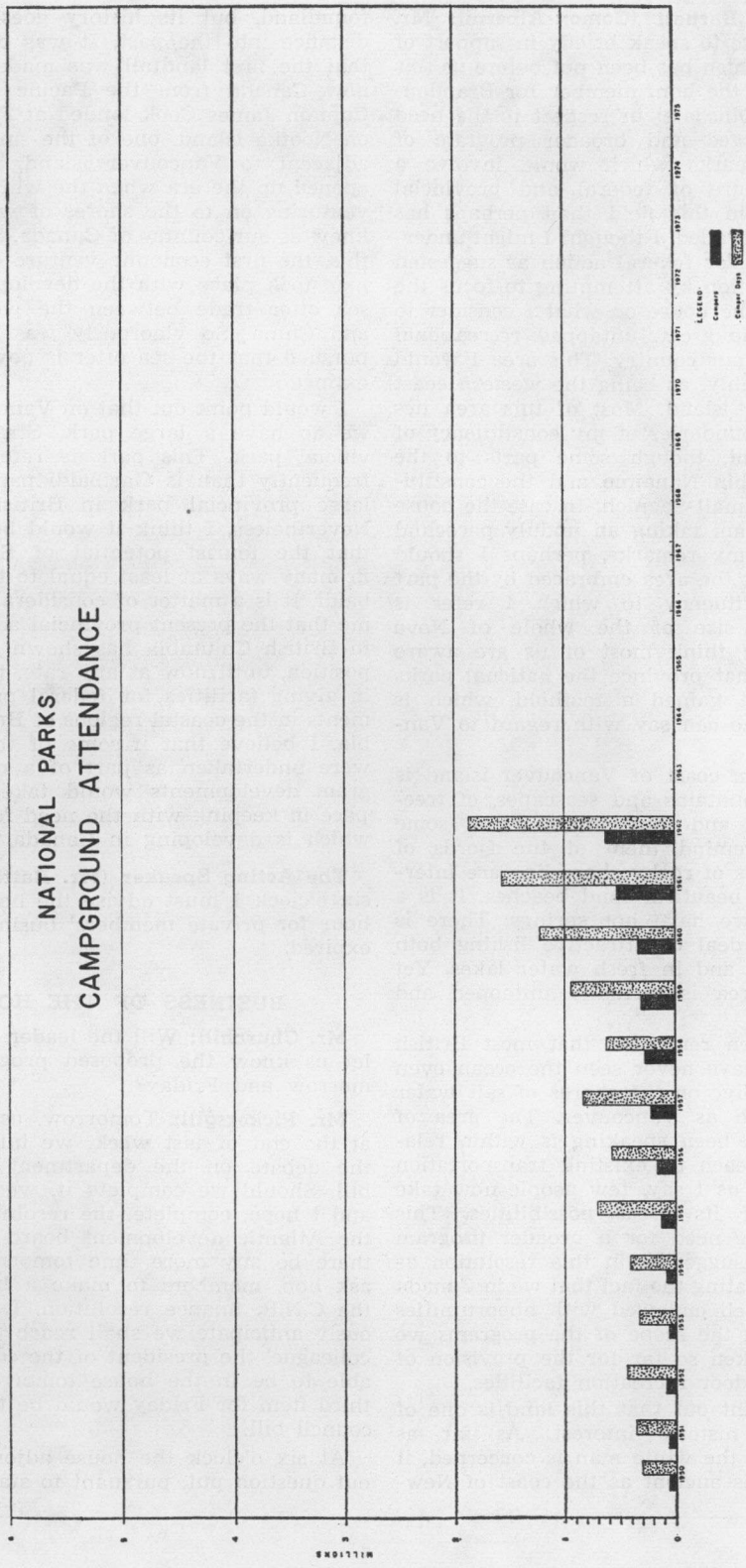
Some hon. Members: Agreed.

[*Editor's note: The charts referred to above are as follows:*]

Request for Parks Recreational Program



[The Acting Speaker (Mr. Batten).]


NATIONAL PARKS
CAMPGROUND ATTENDANCE
MILLIONS
LEGEND

Request for Parks Recreational Program

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I rise to speak briefly in support of the motion which has been put before us this afternoon by the hon. member for Brandon-Souris (Mr. Dinsdale) in respect to the need for an enlarged and broader program of recreational parks which would involve a greater measure of federal and provincial co-operation in this field than perhaps has heretofore prevailed. I thought I might underline the need for federal action as suggested in this resolution by attempting to focus the attention of the house on what I consider to be one of the great, untapped recreational reservoirs of our country. This area I would describe, roughly, as being the western coast of Vancouver island. Most of this area lies within the boundaries of my constituency of Comox-Alberni, though some parts to the south lie within Nanaimo and the constituency of Esquimalt-Saanich. In case the house may think I am taking an unduly parochial approach in my remarks, perhaps I should point out that the area embraced by the part of my constituency to which I refer is roughly the size of the whole of Nova Scotia, and I think most of us are aware that within that province the national parks have at least gained a foothold, which is more than one can say with regard to Vancouver island.

The western coast of Vancouver island is a land of mountains and seascapes, of tree-covered hills and long inlets which some people say remind them of the fjords of Norway. Miles of rocky shore line are interspersed with beautiful sand beaches. It is a land where we have hot springs. There is also a great deal of attractive fishing both in salt water and in fresh water lakes. Yet the whole area is virtually untapped and unknown.

I have often remarked that most British Columbians have never seen the ocean even though they live on the shores of salt water in cities such as Vancouver. The area of which I have been speaking is within relatively easy reach of existing transportation facilities but, as I say, few people now take advantage of its great possibilities. This underlines the need for a broader program on the lines suggested in this resolution as well as illustrating the fact that we in Canada are indeed well endowed with opportunities for increasing the scope of the programs we have undertaken so far for the provision of increased outdoor recreation facilities.

I might point out that this land is one of considerable historic interest. As far as knowledge of the white man is concerned, it may not be as ancient as the coast of Newfoundland, but its history goes back some distance into the past. It was on this coast that the first landfall was made in what is now Canada from the Pacific ocean when Captain James Cook landed at Friendly cove on Nootka island, one of the smaller islands adjacent to Vancouver island, in 1778. He opened up the era when the white men were venturing on to the shores of what we now know as our country of Canada. Shortly after this, the first economic venture of the white man took place with the development of the sea otter trade between the western shore and China. So vigorously was this "trade" pursued that the sea otter is now practically extinct.

I would point out that on Vancouver island we do have a large park, Strathcona provincial park. This park is referred to less frequently than is Garibaldi park, the other large provincial park in British Columbia. Nevertheless, I think it would be fair to say that the tourist potential of Strathcona is in many ways at least equal to that of Garibaldi. It is a matter of considerable regret to me that the present provincial administration in British Columbia has shown so little disposition, until now at any rate, to co-operate in giving facilities for federal park developments in the coastal regions of British Columbia. I believe that if some of these projects were undertaken as part of a national program developments would take place at a pace in keeping with the need for recreation which is developing in Canada.

The Acting Speaker (Mr. Batten): It being six o'clock I must advise the house that the hour for private members' business has now expired.

BUSINESS OF THE HOUSE

Mr. Churchill: Will the leader of the house let us know the proposed program for tomorrow and Friday?

Mr. Pickersgill: Tomorrow, as I indicated at the end of last week, we intend to start the debate on the department of industry bill. Should we complete it, we would take, and I hope, complete, the resolution stage of the Atlantic development board bill. Should there be any more time tomorrow I would ask hon. members to make a beginning on the C.N.R. finance resolution. I do not seriously anticipate we shall reach this, but my colleague, the president of the council is unable to be in the house tomorrow, and the third item for Friday would be the economic council bill.

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

HOUSE OF COMMONS

Thursday, June 27, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. WATSON—CORRECTION OF STATEMENT RESPECTING BUDGET VOTE

Mr. Ian Watson (Chateauguay-Huntingdon-Laprairie): I rise on a question of personal privilege, Mr. Speaker. Yesterday afternoon, after the budget vote, you asked me whether I was in my seat at the time the motion was put. I had entered my seat as you were finishing the reading of the motion. I was confused as to the exact time when the motion is considered as having been put, and I answered your question, Mr. Speaker, in the affirmative. I felt I had the right to vote.

Afterward I learned that the rule is that a member of the house must be in his seat when the Speaker starts to read the motion being put. I was not in my seat at that time; therefore my answer to you should have been no. I wish to apologize to you, Mr. Speaker, and to the house for having given you an incorrect answer, but an answer which I believed at the time was correct. I should like to add, Mr. Speaker, that I pledge myself henceforth to learn my procedure from the rule book and not in this very embarrassing way.

(Translation):

MR. PIGEON—CORRECTION OF STATEMENT REGARDING PAIR

Mr. L. J. Pigeon (Joliette-l'Assomption-Montcalm): Mr. Speaker, I rise on a question of privilege. I wish to point out to the house that I made a mistake when I mentioned that I was paired with the hon. member for St. Antoine-Westmount (Mr. Drury); I should have said the hon. member for St. Lawrence-St. George (Mr. Turner).

(Text):

STANDING COMMITTEES

Mr. J. E. Walker (York Centre) presented the report of the special committee appointed to prepare and report lists of members to compose the standing committees of the house, as follows:

PRIVILEGES AND ELECTIONS

Messrs:

Blouin
Brewin
Brown
Cashin
Cameron (High Park)
Chretien
Dionne
Doucett
Drouin
Dube
Francis
Girouard
Howard
Jewett, Miss
Leboe
Macquarrie
Martineau
Millar
Monteith
More (Regina City)
Moreau
Nielsen
Paul
Pennell
Richard
Sauve
Turner
Webb
Woolliams—29.

(Quorum—10)

RAILWAYS, CANALS AND TELEGRAPH LINES

Messrs:

Addison
Armstrong
Asselin (Notre Dame de Grace)
Balcer
Basford
Beaule
Bechard
Belanger
Bell
Berger
Boulanger
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Cowan
Crossman
Crouse
Fisher
Foy
Gauthier
Godin
Granger
Greene
Gregoire
Guay
Gundlock
Horner (Acadia)
Howe (Wellington-Huron)
Irvine
Jorgenson
Kennedy
Lachance
Lamb
Laniel
Leboe
Lessard (St. Henry)
Macaluso
MacEwan
Mackasey
Matte
McBain
McMillan
McNulty
Muir (Cape Breton North and Victoria)
Nielsen
Nixon
Orlikow
Pascoe
Rapp
Regan
Rheaume
Rideout
Rock
Ryan
Rynard
Tucker
Smith
Stenson
Watson (Chateauguay-Huntingdon-Laprairie)
Watson (Assiniboia)—60.
Webster

(Quorum—20)

MISCELLANEOUS PRIVATE BILLS

Messrs:

Aiken
Alkenbrack
Basford
Beaule
Cameron (High Park)
Cantelon
Cooper
Coates
Cowan
Deachman
Forbes
Foy
Francis
Gelber
Gray
Gregoire
Groos
Harley
Honey
Horner (The Battlefords)
Jewett, Miss
Klein
Konantz, Mrs
Lambert
Langlois
Latulippe
Lloyd
Loney
Macdonald
Martin (Timmins)
Mather
McCutcheon
McLean
McMillan

Standing Committees

Mitchell
Moore
Nixon
Ormiston
Otto
Paul
Rock
Roxburgh
Simpson
Slogan
Southam
Tucker
Wahn
Webb
Webster
Willoughby—50.

(Quorum—15)

BANKING AND COMMERCE

Messrs:

Addison
Armstrong
Aiken
Asselin, (Notre Dame de Grace)
Asselin, (Richmond-Wolfe)
Basford
Bell
Boulanger
Cadieux (Terrebonne)
Cameron (High Park)
Chaplin
Chretien
Côté (Longueuil)
Côté (Chicoutimi)
Douglas
Emard
Flemming (Victoria-Carleton)
Grafftey
Gray
Gregoire
Habel
Hahn
Hamilton
Jewett, Miss
Kelly
Kindt
Klein
Konantz, Mrs
Lloyd
McLean
Moreau
Monteith
More
Morison
Muir (Lisgar)
Nesbitt
Nowlan
Nugent
Olson
Otto
Pascoe
Ryan
Rynard
Sauve
Scott
Skoreyko
Tardif
Thomas
Thompson
Vincent—50.

(Quorum—15)

PUBLIC ACCOUNTS

Messrs:

Basford
Beaule
Berger
Cameron (Nanaimo-Cowichan-The Islands)
Crouse
Drouin
Dube
Eudes
Forbes
Francis
Frenette
Gendron
Godin
Gray
Habel
Hales
Harkness
Lambert
Lessard (St. Henry)
Loiselle
McLean
McNulty
Muir (Lisgar)
Noble
Nowlan
O'Keefe
Olson
Pigeon
Pilon
Regan
Ricard
Richard
Rinfret
Rochon
Rock
Rondeau
Ryan
Scott
Skoreyko
Slogan
Smith
Southam
Stefanson
Starr
Tardif
Tucker
Valade
Wahn
Winch
Woolliams—50.

(Quorum—15)

AGRICULTURE AND COLONIZATION

Messrs:

Armstrong
Asselin, P.T.
Barnett
Bechard
Beer
Berger
Bigg
Boutin
Cardiff
Crossman
Cyr
Danforth
Dionne
Drouin
Emard
Enns
Ethier
Forest
Forgie
Gauthier
Gendron
Groos
Gundlock
Hamilton
Harkness
Honey
Horner (Acadia)
Jorgenson
Kindt
Konantz, Mrs.
Laverdiere
Macaluso
MacLean
Mather
Matheson
Matte
McBain
McIntosh
Mullally
Nasserden
Noble
O'Keefe
Olson
Ouellet
Pennell
Peters
Pigeon
Rapp
Ricard
Rochon
Roxburgh
Smallwood
Tardif
Temple
Thomas
Vincent
Watson (Chateauguay-Huntingdon-Laprairie)
Watson (Assiniboia)
Whelan
Willoughby—60.

(Quorum—20)

STANDING ORDERS

Messrs:

Baldwin
Casselman, Mrs.
Chapdelaine
Ethier
Forest
Girouard
Guay
Horner (Jasper-Edson)
Kelly
Lessard (St. Henry)
Loiselle
Mandziuk
More
Morison
Pugh
Rinfret
Rouleau
Southam
Temple
Winch—20.

(Quorum—8)

MARINE AND FISHERIES

Messrs:

Armstrong
Barnett
Basford
Bechard
Belanger
Cashin
Chatterton
Crouse
Coates
Cyr
Dube
Flemming (Victoria-Carleton)
Foy
Girouard
Godin
Granger
Groos
Howard
Irvine
Kennedy
Lachance
Leduc
MacLean
MacRae
Macquarrie
Mather
McLean
Mullally
Noble
Patterson
Rheaume
Sauve
Stefanson
Tucker
Whelan—35.

(Quorum—10)

MINES, FORESTS AND WATERS

Messrs:

Alkenbrack
Asselin (Richmond-Wolfe)
Berger
Blouin
Cadieu (Meadow Lake)
Cadieux (Terrebonne)
Cyr
Deachman
Dinsdale
Doucett
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)

Gendron
Godin
Granger
Habel
Harley
Herridge
Irvine
Langlois
Laprise
Leboe
Leduc
Loney
MacInnis
Martin (Timmins)
Martineau
Mitchell
Moreau
Otto
Rheaume
Rideout
Roxburgh
Simpson
Watson (Chateauguay-Huntingdon-Laprairie)
—35.

(Quorum—10)

INDUSTRIAL RELATIONS

Messrs:

Barnett
Basford
Bell
Chaplin
Chretien
Cyr
Dionne
Foy
Frenette
Godin
Grafftey
Gray
Greene
Habel
Irvine
Knowles
Lachance
Laverdiere
Lessard (St. Henry)
Lessard (Lake St. John)
MacInnis
Mackasey
McNulty
Millar
Mitchell
Muir (Cape Breton North and Victoria)
Noble
Orlikow
Regan
Ricard
Rideout
Sauve
Starr
Stenson
Weichel—35.

(Quorum—10)

DEBATES

Messrs:

Aiken
Cowan
Eudes
Forgie
Howard
Lambert
Langlois
Leduc
Martineau
Nixon
Paul
Rouleau—12.

(Quorum—7)

EXTERNAL AFFAIRS

Messrs:

Balcer
Brewin
Brown
Cashin
Chapdelaine
Choquette
Deachman
Dube
Fairweather
Fleming (Okanagan-Revelstoke)
Forest
Gelber
Girouard
Herridge
Klein
Knowles
Konantz, Mrs.
Lachance
MacEwan
MacRae
Macquarrie
Mandziuk
Martineau
Matheson
Nesbitt
Nixon
Nugent
Pennell
Regan
Richard
Rinfret
Thompson
Valade
Walker
Woolliams—35.

(Quorum—10)

ESTIMATES

Messrs:

Armstrong
Blouin
Boulanger
Boutin
Brown
Cadieu (Meadow Lake)
Cameron (High Park)
Cantelon
Cashin
Chatterton
Coates
Côté (Longueuil)
Côté (Chicoutimi)
Danforth
Douglas
Ethier
Eudes
Fane
Fleming (Okanagan-Revelstoke)
Forest
Forgie
Francis
Grafftey
Guay
Hales
Honey
Howe (Hamilton South)
Howe (Wellington-Huron)
Jorgenson
Kelly
Korchinski
Lambert
Leduc
Loiselle
Madill
Mandziuk
Matte
McCutcheon
Muir (Lisgar)
Mullally
Nasserden
Nixon
Nowlan
O'Keefe
Orlikow
Otto
Perron
Peters
Pilon
Plourde
Richard
Rochon
Rondeau
Rouleau
Roxburgh
Rynard
Skoreyko
Stefanson
Tardif
Whelan—60.

(Quorum—20)

VETERANS AFFAIRS

Messrs:

Bigg
Boulanger
Cadieux (Terrebonne)
Cameron (High Park)
Clancy
Emard
Fane
Forgie
Gelber
Greene
Groos
Harley
Herridge
Kelly
Lambert
Laniel
Laprise
Latulippe
MacEwan
MacInnis
Mackasey
MacLean
Matheson
Madill
McIntosh
Millar
Moreau
Morison
O'Keefe
Perron
Peters
Pilon
Prittie
Pugh
Rideout
Rock
Temple
Webb
Weichel
Winkler—40.

(Quorum—15)

PRINTING

(Members to act on the part of the Commons)

Messrs:

Boutin
Cardiff
Choquette
Clancy
Cooper
Cowan
Drouin
Ethier
Kennedy
Lamb
Latulippe
Laverdiere
Loiselle
Macaluso
Moreau
Ormiston
Pascoe
Pilon
Prittie
Richard
Rochon
Scott
Simpson—23.

LIBRARY OF PARLIAMENT

(Members to act on the part of the Commons)

Mr. Speaker and Messrs:

Baldwin
Brown
Cadieux (Terrebonne)
Casselman, Mrs.

House of Commons

Chatterton	Laniel
Choquette	Macquarrie
Côté (Longueuil)	Martineau
Crossman	Mullally
Enns	Ouellet
Fairweather	Pennell
Fisher	Rondeau
Honey	Wahn—21.
Horner (Jasper-Edson)	

Mr. Walker moved that the report be concurred in.

Motion agreed to.

POWERS OF COMMITTEES

Hon. Lionel Chevrier (Minister of Justice) moved:

That the standing committees of this house shall severally be empowered to examine and inquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Motion agreed to.

HOUSE OF COMMONS

BEST WISHES TO PRIME MINISTER FOR RECOVERY FROM ILLNESS

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, if the house will allow me to rise at this moment, I wish to say I have just learned that the Prime Minister has been admitted to hospital. I want to express, not only on behalf of the opposition but I am sure on behalf of all hon. members of the house, my hope that he will soon be restored to health and returned to the house.

I know something of the tremendous load of responsibility that rests on a prime minister. I realize that had the course of parliament been otherwise for the past few days, the Prime Minister probably would have entered hospital earlier. These are some of the things that those in private life do not understand, and foremost is the sense of responsibility that rests on one who has the office of prime minister. I want to extend to him the very best of good wishes.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, having learned just prior to coming into the house of the illness of the Prime Minister and of his being admitted to hospital, I share the sentiments that have been expressed by the leader of the official opposition, and on behalf of the members of the Social Credit party in this house I wish to assure the right hon. Prime Minister, his government and every member of his party of our concern at his illness, and we express our best wishes and prayers for his speedy recovery.

[Mr. Walker.]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this group join with the right hon. Leader of the Opposition, the leader of the Social Credit party, and I am sure with the government in expressing our sincere regret that the Prime Minister has found it necessary to go to hospital. I think we are all aware that had it not been for the very heavy burden he had been carrying in recent weeks, he would have gone to hospital much earlier.

I think it would be most appropriate if you, sir, were to convey on behalf of all members of all parties in this house our sincere regrets to the Prime Minister that he has found it necessary to be in hospital, and express to him our hope for a very speedy return to health and strength.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I am sure it would be the wish of the right hon. Prime Minister that I should rise at this time to express to the right hon. Leader of the Opposition, the leader of the Social Credit party and the leader of the New Democratic party my thanks and those of the government for the very kind words that have been expressed by those who have taken part in this appreciation of the Prime Minister.

All I can say is that the task of carrying on in his stead will fall upon my shoulders, and I hope I shall receive the co-operation not only of those who sit on this side of the house but of all hon. members, so that during the time the Prime Minister will be in hospital, because what he will see happening in the house, his recovery will be that more prompt.

HOUSING

STATEMENT ON PROPOSED CHANGES IN ACT

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, I would like to make a brief statement on one or two housing matters. You will recall that in the budget brought down on June 13 my colleague the Minister of Finance referred to a lower rate of interest on National Housing Act loans, higher maximum loan amounts and larger loans in relation to lending value.

The new 6¼ per cent interest rate became effective, of course, on June 14. It applied to new loan applications and applications in process at the time of the amendment. The reduced rate was also made available to C.M.H.C. borrowers where loans had been approved at the 6½ per cent interest rate and where the mortgage had not been registered. In the case of previously committed approved lenders loans, this is a matter for their discretion.

The governor in council has now approved new ceilings on N.H.A. loans. Until recently maximum N.H.A. loans were set by regulation at different levels for home ownership and rental housing. The maximums distinguish only between apartments and other types of housing. The maximum loan for any house or multiple family dwelling other than an apartment is increased to $15,600 for each unit having four or more bedrooms and to $14,900 for each unit containing less than four bedrooms, whether the dwellings are to be occupied by the owner or rented. The maximum loan for fully serviced apartment dwellings is raised to $12,000 per unit from $8,750. The increase also applies for rental loans and loans to home owners if the application for the increase is received prior to the interest adjustment date established in the mortgage document. On loans to builders the increase will be available if the application for the increase is received prior to the loan being fully advanced.

C.M.H.C. is ready to insure loans and make direct loan commitments, subject only to a provisional loan amount pending an amendment to the act. Here I refer to legislation already on the order paper and which, amongst other things, seeks authorization for N.H.A. loan ratios of 95 per cent of the first $13,000 instead of the present $12,000 of lending value. In the interval, and to avoid delays, C.M.H.C. and approved lenders have been authorized to establish loan amounts on the basis of the proposed amendment and to issue conditional commitments in the higher amounts.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, the house has listened, I am sure, with some interest as far as we could hear the hon. gentleman, because of some confusion, to the details of the statement he has just made. I am sure no one realizes better than the minister himself that this is a very technical and complicated matter and certainly no one can deal with it objectively at this time, not having seen the purport of the statement he has just made to the house.

All I can say is that anything which assists in the development of the housing industry in this country, in view of the action taken recently by this government in curtailing it, will be very, very acceptable to the house generally. We will have to consider in detail the statement which has been made by the minister, and as far as the official opposition are concerned we will deal with it objectively when we have the measures before us.

Mr. Bert Leboe (Cariboo): Mr. Speaker, I would just like to make one comment on the statement that has been made by the minister. It seems to me that the increase in the amount of money that can be borrowed, if we continue with the 11 per cent sales tax, will mean that interest will be charged on the increased loan plus the 11 per cent, and actually the result will be that the total cost will be twice as much as it would otherwise be. In other words we are going to have an increase here far beyond what we normally would have.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, the measures announced by the minister sound as if they will assist certain income groups to buy new housing. We favour the measures. I agree with the hon. member for Digby-Annapolis-Kings that this must be viewed in the light of the 11 per cent tax on building materials. However, in itself this will assist some groups. We hope the government will continue to have in mind the need of housing for income groups which cannot meet the present loan standards. This is a great deficiency which needs to be remedied in this country.

(Translation):

CANADIAN CENTENNIAL

TABLING OF CORRESPONDENCE WITH QUEBEC PREMIER

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I wish to table the French and English correspondence with the premier of the province of Quebec concerning the National Centennial Act.

(Text):

CONSUMER CREDIT

JOINT COMMITTEE TO CONSIDER OPERATION OF LEGISLATION

On the order: Government notices of motion:

That a joint committee of the Senate and House of Commons be appointed to inquire into and report upon the problem of consumer credit, more particularly but not so as to restrict the generality of the foregoing to inquire into and report upon the operation of Canadian legislation in relation thereto;

That 24 members of the House of Commons to be designated by the house at a later date, be members of the joint committee, and that standing order 67 (1) of the House of Commons be suspended in relation thereto;

That the said committee have power to call for persons, papers and records and examine witnesses; and to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee and that standing order 66 be suspended in relation thereto; and that a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed joint committee.

Inquiries of the Ministry

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

FINANCE

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I have a question for the Minister of Finance. I do not want him to think we have left him out of all consideration following the events of yesterday. Is the hon. gentleman now in a position to say whether there will be changes made in the imposition of the 11 per cent tax on building materials and production machinery? I need not point out to the minister that there is tremendous uncertainty across the country as to whether the government intends to proceed with this matter as stated by him when he introduced the budget, or whether there is to be a strategic retreat.

Hon. Walter L. Gordon (Minister of Finance): I thank the Leader of the Opposition for his kindly remarks in opening his question. I can only say to him that when the government has any announcements to make it will do so.

Mr. Diefenbaker: Mr. Speaker, if I might ask a supplementary question, does the minister not consider, having regard to the tremendous unsettlement in construction and the like across Canada, that he should be in a position by now to say what is going to be done? Has he not consulted these three individuals, these experts?

Some hon. Members: Order.

Mr. Gordon: Mr. Speaker, I have nothing further to add to my answer.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, in view of the minister's first answer, is he or is the government contemplating making a change?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I rise on a point of order. I think it is a rule of the house that questions are not to be put on the orders of the day about matters which are set down on the order paper for the consideration of the house. These are matters for debate at the appropriate time, and it seems to me that we should abide by the rules.

An hon. Member: This is the appropriate time.

[Mr. Chevrier.]

Mr. Speaker: I should also like to remark that we have had considerable discussion on this point and it is becoming almost a debate. This is the question period, and I wonder whether we might go on to another question.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance with regard to another heading. Has the minister received representations from the graphic arts industries association of Canada with respect to the proposal to impose an 11 per cent sales tax on printing machinery and equipment? Is the government considering withdrawing this tax, in view of its effect on employment in the printing industry as well as in the publishing of newspapers and magazines?

Mr. Speaker: If I may interrupt at this stage, it seems to me that this is a proper question for discussion on the budget resolutions rather than at this time.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, on a point of order, we have no knowledge when the budget resolutions will be brought before the house. For all we know they might very well be postponed for weeks or months, and the questions are urgent in this regard.

Mr. Knowles: Mr. Speaker, in view of the urgency of the question and the fact that representations are being made to the minister, and I believe he is familiar with them, I feel he should be given the opportunity of answering the question.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I trust, as I intimated earlier, that we will be able to proceed with the orderly business of the house, and my respectful submission to you, sir, is that the last two questions have to do with matters which will be under consideration when the budget resolutions are before the house.

Some hon. Members: When?

Mr. Chevrier: It is quite clear that we could go on interminably asking questions with reference to items which are or will be before the house in the budget resolutions. If these are to be allowed then it seems to me there will be no consideration of the items called last night by the house leader. With respect, and I say it again, it seems to me that the last two questions were of the order of those I mentioned earlier.

Mr. Knowles: On a point of order, the Acting Prime Minister suggests that these matters can be discussed under the heading of the budget resolutions. It has not been indicated to us when the budget resolutions will be discussed. In the meantime these

matters are unsettling. As the Minister of Finance knows, it was only in recent days that those affected by the tax about which I have asked a question realized that the tax was there, owing to the wording of the resolution. I think in view of the unsettled situation which has arisen, in view of the concern and the fact that the house does not know when it will be dealing with the budget resolutions—it might not be until fall—the question is urgent and a proper one for orders of the day, and the Minister of Finance should be permitted to answer.

Mr. Pickersgill: Mr. Speaker, on the point the hon. gentleman has raised, it seems to me that the rules of the house are very clear on the matter and that they should be applied.

Mr. Nowlan: Mr. Speaker, if I could ask the house leader when the budget resolutions will be coming before the committee of ways and means perhaps it would facilitate discussion of this matter. Perhaps he can tell us now.

Mr. Pickersgill: I will do my very best to oblige the hon. gentleman, but before doing so perhaps I might add this point. Much has been made in the house recently about budget secrecy, and it seems to me that if the point is valid—and I think it is a valid one—any amendments to the resolutions should be brought forward at one time in an orderly manner when the resolutions are before us and should not be sought to be anticipated by questions on orders of the day, which the hon. member for Winnipeg North Centre, being a very old and experienced member of the house, I am sure knows full well are out of order.

With respect to the budget resolutions, it is the desire of the government to get on with all its business just as rapidly as possible, and the more rapid the progress is with the business set down for today and tomorrow the more rapidly will we reach the budget resolutions which the government is more anxious, I think, to reach than any one else in the house.

Mr. Knowles: Mr. Speaker, despite the fact that I am an old member—

An hon. Member: Very old.

Mr. Knowles:—I did recognize the willingness of the Minister of Finance to answer my question before all this hullabaloo was raised, and I put it to him again.

Some hon. Members: Order.

Mr. Knowles: I am putting my question in a different form. Have representatives of the graphic arts industry made representations to the Minister of Finance, has he met them and has he considered their objections to the sales tax?

Mr. Gordon: Mr. Speaker, I have been impressed by the representations made by the Acting Prime Minister and the house leader, and I think I should abide by their views unless you order me to do otherwise.

Mr. Churchill: They are worse than your outside advisers.

Mr. Speaker: Order. If I may say so to hon. members, we are all very much interested in the important matter which has been raised, but on the other hand under our rules, which after all hon. members have themselves drafted and by which we are bound, it does occur to me that we are anticipating a debate and that this is properly a matter for debate at the time of consideration of the budget resolutions. Many of these questions are becoming repetitious; therefore I would urge hon. members that we take up other questions.

(Translation):

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, may I ask the Minister of Finance a question? In view of the many protests from provincial sources concerning the proposed federal program of assistance to municipalities, could the minister tell the house if he intends to withdraw Bill C-76?

(Text):

Mr. Gordon: No, Mr. Speaker.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to ask the Minister of Finance a question which is in order, I think, since it has nothing to do with the budget resolutions, this provision having been deleted from the budget.

Is the minister now in a position to inform the house as to the administrative considerations which forced him to remove the 30 per cent tax on the sale of Canadian shares?

Mr. Speaker: The other day I refused that question.

Mr. Gregoire: Mr. Speaker, I rise on a point of order. I asked the same question during the budget debate period but it was ruled out of order as that problem could be discussed during that debate. Now that the debate is over and that we are sure that the question will not come back on orders of the day or on the order paper and that we will have no other opportunity to discuss it, I feel it becomes relevant, precisely because of the explanations you gave the other day.

(Text):

Mr. Speaker: Order. Unfortunately I cannot agree with the viewpoint put forward by the hon. member. The proper place for putting these questions is during the discussion of the budget resolutions.

(Translation):

Mr. Gregoire: Mr. Speaker, I rise on a point of order. This question cannot be mentioned when discussing the budget resolution, because it was removed—

(Text):

Mr. Speaker: Order. I have listened to the hon. gentleman on the same point on three separate occasions on three different days—at least two that I recall, if not three. Therefore I would ask him to consider the matter settled until the budget resolutions come before the house.

Mr. T. C. Douglas (Burnaby-Coquitlam): On the point of order, may I point out to Your Honour that since paragraph 11 of the budget resolutions has been withdrawn this will not be discussed in the resolutions now before the house. Therefore it would seem to me that an explanation ought to be given on the orders of the day or in answer to a question on the order paper.

Mr. Speaker: If what the hon. gentleman says is true I fail to see the urgency of raising the question at all.

(Translation):

Mr. Gregoire: Mr. Speaker, on the contrary, I feel that it is urgent to discuss this question, since—

Some hon. Members: Order.

(Text):

Mr. Speaker: Order. I am very sorry but the hon. member for Port Arthur has the floor.

(Translation):

Mr. Gregoire: Mr. Speaker, I rise on a question of privilege.

Some hon. Members: Order.

Mr. Gregoire: I rise on a question of privilege, Mr. Speaker. Yesterday we were asked to vote on the motion of the Minister of Finance relating to his budget. And in yesterday's order paper, reference was made to *Hansard* for June 13, the night when the resolutions were introduced by the Minister of Finance. Now, those resolutions of June 13 we were referred to, included section 11 of the Excise Tax Act and we have precisely voted yesterday to approve section 11 of that act, since that was the purpose of the vote being taken. Therefore, Mr. Speaker, either we carried section 11 of the Excise Tax Act, or we did not. If we did not, it has not, for all that, been deleted from the motion, since yesterday's order paper still mentioned it as being an integral part of the Minister of Finance's budget.

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, an hon. member should rise on a question of privilege only when a matter of privilege is involved. I respectfully submit there is no question of privilege at this time, since you have already decided that the hon. member's question had previously been asked at least twice. His question, therefore, was not in order. Furthermore, the resolution the hon. member referred to has not yet been officially withdrawn.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, may I put a question to the Acting Prime Minister? Can the minister tell the house whether the government received a copy of the non-confidence motion voted unanimously yesterday by the Quebec legislative assembly against the federal government, with respect to its proposed assistance to municipalities?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the answer is no.

Mr. Martineau: May I ask a supplementary question, Mr. Speaker? Would the minister tell us whether he will report to the house when he receives a copy?

Mr. Chevrier: Mr. Speaker, I do not think it is the practice nor the custom to report in such circumstances. If they send me a copy I shall read it on receipt, as I already read it carefully this morning in a daily newspaper of the province of Quebec.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): May I ask a supplementary question, Mr. Speaker? With reference to the speech made in the house by the President of the Privy Council (Mr. Lamontagne) last June 25, does the Minister of Justice think that Hon. Jean Lesage is a crypto-separatist?

Mr. Chevrier: Mr. Speaker, I think that question could very well be put to the person who made the speech.

(Text):

NATIONAL DEFENCE

NUCLEAR WARHEADS—SIGNING OF AGREEMENT WITH UNITED STATES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I had intended to direct my question to the Prime Minister, but due to his regrettable illness and consequent absence

from the house I will direct it to the Acting Prime Minister. On Tuesday the Prime Minister, in replying to a question I asked about the delay in signing a general agreement for the acquisition of nuclear warheads by Canada, intimated that the delay was due to the United States. According to yesterday evening's papers the Prime Minister made a different statement outside the house. Southam correspondent Bruce Phillips, reporting from Washington, states:

> Great gasps of relief issued from the administration today when Prime Minister Pearson corrected his hint that U.S. foot-dragging was delaying a nuclear arms agreement.

Will the Acting Prime Minister inform the house what was this corrected statement and why it was not made in the house?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I am not familiar with the preamble to the hon. member's question, which was quite lengthy. Neither am I familiar with the main part of the question, but I think my colleague the Secretary of State for External Affairs, who is more familiar with this matter, or the Minister of National Defence can answer it.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the question to which my hon. friend directs the attention of the house will reveal, I think, that what the Prime Minister said outside this chamber was by way of explanation of what he said in the house. I think the statement made by the Prime Minister in the house as well as the explanation outside speak for themselves and they do not warrant the conclusion drawn by the hon. gentleman.

Mr. Harkness: Mr. Speaker, might I ask the Secretary of State for External Affairs to look into this matter and be prepared to give the house a better explanation than the one he has given as to why the statement made outside the house was apparently directly contrary to the one made within the house?

Mr. Martin (Essex East): Mr. Speaker, I can only say to my honourable, esteemed and gallant friend that there will be no point in delay. The Secretary of State for External Affairs is now in a position to answer any question that can properly be put to him by the hon. gentleman.

D.E.W. LINE—STATEMENT ON DISMISSAL OF CANADIAN EMPLOYEES BY U.S. COMPANY

Hon. Lucien Cardin (Associate Minister of National Defence): Mr. Speaker, yesterday the hon. member for Winnipeg North asked me a question with regard to the staffing of the distant early warning line, and I told the hon. member that I would take his question as notice.

The answer is that the civilian staffing of the distant early warning line is the responsibility of a civilian firm awarded the contract by the United States government for operation and maintenance of the line. The Department of National Defence is concerned to the extent of providing military personnel to ensure that the line performs the air defence function for which it was established. These military personnel are not involved in any interchanges between the contractor managers and contractor employees. As far as the Department of National Defence is concerned, no official reports have been received concerning the alleged staff reductions. As has already been stated in the house, rates of pay for civilian employees of the company concerned must be approved by the Department of Labour.

PUBLICATIONS

INQUIRY AS TO ASSISTANCE TO PERIODICAL PUBLISHERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Secretary of State a question in his role of minister of cultural affairs, if I can put it that way. My question is based upon the fact that the budget did not give any assistance to Canadian periodical publishers and that the end of the sales tax exemption is causing them harm. If I may interpolate, Mr. Speaker, I find that you have a number of assistants down here on the other side, and I should like to ask you to protect the person asking the question.

Some hon. Members: Oh, oh.

Mr. Fisher: Perhaps I might take the opportunity to remark that these gentlemen should learn that they also serve who only sit.

Mr. Speaker: Order, please; the hon. member has the Sergeant-at-Arms right beside him for protection if he needs him.

Mr. Fisher: I should like to ask the Secretary of State whether the government is giving consideration to early assistance to Canadian periodical publishers, in view of the information I have that Maclean-Hunter, for example, insist that they may have to put their two magazines out of circulation at once.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, although I do not believe I have ever asked for it in the house, I hope I will

be given protection from interruptions, similar to that accorded to the meek and mild hon. member for Port Arthur. I listened with interest to his speech, sir, in which it was hard to discern any question. There were several expressions of opinion, several conjectures about matters that might or might not happen, but out of the verbiage I gathered the hon. member wanted to know whether the government was giving consideration to what I might loosely call the O'Leary report.

Well, the O'Leary report was made by a royal commission to another government which was still considering it on April 22, and we have had only a short period in which to consider it. There was no legislation whatever presented—

Mr. Diefenbaker: It was being held up by the opposition.

Mr. Pickersgill: —to this parliament.

Some hon. Members: Order.

Mr. Pickersgill: It is rather evident where most of the disorder in this house is, sir. The matter dealt with by the O'Leary commission is, as I believe the Prime Minister pointed out in answer to a question not so many days ago, under very active consideration by the government which is very well aware of the urgent national importance of the problem to which it relates.

Mr. Fisher: May I ask a supplementary question of the Minister of National Revenue. Is the minister or are his officials prepared to issue a clarification on the sales tax exemption matter which would affect the publishing industry, including the daily newspapers?

Hon. J. R. Garland (Minister of National Revenue): I am pleased to be able to tell the hon. member that representatives of the industry are currently meeting with the officials of the department.

Mr. Speaker: Perhaps hon. members, being in such a good mood, would allow me to remark that if questions should be short, I believe replies should not be overextended.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO POSSIBLE STRIKE OF ARTISTS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): My question is to the Secretary of State, and I apologize for not having given him notice of it but the matter just came to my attention a few minutes ago. Is the Secretary of State aware that a referendum is being taken amongst the 2,000 members of the association of Canadian television and radio artists concerning the withdrawal from service of their members from the C.B.C. at midnight on June 30, by reason of differences that have arisen between that organization and the corporation? If the minister is aware of this, would he care to make a statement to the house about this matter?

Hon. J. W. Pickersgill (Secretary of State): Yes, I received a telegram yesterday. I thought I had it with me, but I am afraid it is in another folder. However, I believe I recollect fairly accurately what was in it. It was from the head of the association of employees and artists, but I do not recall the precise name of the organization at the moment. The telegram informed me that their contract expired on June 30 and that there seemed to be some difficulty about the negotiations they were carrying on with the C.B.C. The suggestion was that I, as a friend, should mediate.

I inquired at once of the C.B.C. about the matter and was informed that the two parties were still engaged in collective bargaining. I am sorry to have to say something about this in the house before I have had an opportunity of replying to the telegram, which I intend to do as quickly as I can. I feel that as long as the two parties are engaged in direct negotiations it would not be proper for any mediation to take place. I am very hopeful that there will be a solution by the two parties, and I am sure the hon. gentleman would share that hope.

POWER

COLUMBIA RIVER—REPORTED STATEMENT BY B.C. PREMIER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Acting Prime Minister, and I apologize for not giving him notice. It is a question of immediate national importance. I have only just been handed a telegram from Victoria. In view of the announcement today by Premier Bennett that the agreement between the government of Canada and the government of British Columbia in respect of the treaty was clewed up yesterday—those are his words—and that the cabinet was to approve an agreement today, has the Acting Prime Minister any comment to make?

Hon. Lionel Chevrier (Acting Prime Minister): I am sure that nothing has been glued up so far as the Columbia is concerned. In any event, since this matter is the responsibility of the Secretary of State for External Affairs I will ask him to deal with it.

Hon. Paul Martin (Secretary of State for External Affairs): I know nothing of the alleged statement made by the premier of British Columbia. I can only say that the negotiations, referred to some days ago, are under way and it would not be proper at this stage to reveal their character.

Mr. Herridge: May I ask a supplementary question of the Secretary of State for External Affairs. In view of the fact that correspondence I have received clearly indicates that Dr. Shrum, co-chairman of the British Columbia hydro authority, gave the power committee of the Vancouver board of trade certain information with respect to recent discussions between representatives of the government of Canada and the government of British Columbia on the proposed Columbia river treaty, does the minister not consider that the members of this house, in view of this disclosure, are entitled to the same information?

Mr. Martin (Essex East): Mr. Speaker, I know nothing, of course, of the alleged disclosure to which the hon. gentleman directs our attention. I can only say that I do not regard it as proper or desirable to reveal the nature of these negotiations until they have been completed.

PEACE RIVER—APPLICATION FOR CONSTRUCTION OF DAM

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Acting Prime Minister in his capacity as Minister of Justice. It arises out of a reply I received from the Minister of Public Works last week. Has an opinion yet been formed in his department as to the legality of the province of British Columbia continuing construction of the Peace river dam without having obtained approval under the provisions of the Navigable Waters Protection Act?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, while I remember the question, I am afraid I will have to take this as notice and inquire further.

Mr. Baldwin: Will the minister consider having the opinion made available to hon. members, having in mind the views held by his party when on this side of the house, and particularly the strong opinion held by the Secretary of State for External Affairs?

Mr. Chevrier: I would have to remind the hon. member that repeatedly, when our friends opposite were on this side of the house, we were refused legal opinions, and it is not generally the practice to table them or to make them public. However I shall see what the position is, and perhaps in due course will be able to make some statement.

ROYAL CANADIAN MOUNTED POLICE

DELHI, ONT.—CANCELLATION OF MUSICAL RIDE

On the orders of the day:

Mr. Jack Roxburgh (Norfolk): I should like to ask the Minister of Justice a question. In view of the commitment made by the Royal Canadian Mounted Police to have their musical ride take place at Delhi on July 1, can the minister tell me why this event has been cancelled?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the question which my hon. friend has asked me is—

An hon. Member: It is urgent.

Mr. Chevrier: I was going to say it is urgent because of the fact that the musical ride was to have taken place on July 1, and I think the hon. member is entitled to an explanation as to why it is not taking place. The explanation is that a virus has affected the horses which take part in the ride to the point that they are unable to take part in any exercise. Under the circumstances, Mr. Speaker, I regret very much to have to advise my hon. friend that it will not be possible for the musical ride to take place in Delhi, and on behalf of the Royal Canadian Mounted Police I express my regrets to him.

(Translation):

USE OF WARRANTS IN BOTH LANGUAGES

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I would like to ask the Minister of Justice a question.

Has the minister the results of an inquiry he was to make in the case of the man Thibault, of Hull, with regard to the R.C.M.P.'s use of bilingual warrants and briefs?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, with regard to this question, I have a rather lengthy answer, and, as it seems important to my hon. friend, I shall now give it to the house:

(Text):

Mr. Diefenbaker: Why not just put it on the record in *Hansard*?

(Translation):

Mr. Chevrier: The Leader of the Opposition has suggested that I put the reply on the table of the house. Therefore, if the hon. member for Lapointe has no objection, I shall do so right now.

[*Later:*]

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, concerning the request made earlier by the Minister of Justice to put his reply on the table of the house, I suggest rather that it be put on the record.

Mr. Chevrier: Agreed.

[*Editor's note: The statement is as follows:*]

On November 23, 1962, a motor vehicle registered in the name of Richard Thibault was given a ticket for illegal parking on parliament hill. Two warning tickets had been delivered to the owner of the said motor vehicle for other traffic offences on federal property. The two warnings and the last ticket were written both in French and English.

Then, an instruction was filed on December 5, 1962 with the magistrate's court in Ottawa. Summons in English, to appear on December 19 was addressed to Mr. Thibault by the clerk of the court. Mr. Thibault did not appear on December 19. The magistrate ordered that a copy of the summons be personally served to Mr. Thibault. The next day, the first summons sent to Mr. Thibault was returned by him accompanied by the following words:

"Write to me in French, I am from Quebec".

The clerk of the court asked a bilingual member of his staff to telephone Mr. Thibault to explain the contents and circumstances of the summons. Mr. Thibault informed them that he would not comply with the summons, because it was not written in French.

It should be noted that a warrant of arrest issued by the court and delivered by the municipal police of Ottawa in view of arresting Mr. Thibault, was then already in existence. I have been told that Mr. Thibault was holding seventeen unpaid tickets for having violated the traffic rules in the city of Ottawa, which tickets, of course, are not under the jurisdiction of the Royal Canadian Mounted Police.

On April 1, a municipal policeman of the city of Ottawa personally delivered a summons with regard to the traffic violation committed on November 23, 1962, on federal property. Mr. Thibault did not answer the summons and he was told that a warrant of arrest issued by the court was held for his arrest. Moreover, he was informed that if he appeared of his own free will, that warrant would not be carried out. He did not appear.

Subsequently, a bilingual officer of the R.C.M.P. telephoned Mr. Thibault to discuss the matter with him and offered to discuss it in French. Mr. Thibault stated that he was doing very well in English, but that he would have nothing to do with any document written in English.

On May 10, the court warrant was duly signed by Mr. J. Rochon, justice of the peace in and for the district of Hull. No step was taken to execute until June 18, 1963, and Mr. Thibault had every opportunity to change his mind.

On June 18, a bilingual officer of the Royal Canadian Mounted Police came to Mr. Thibault's house to execute the warrant. Mr. Thibault answered the door, he was informed of the contents of the warrant and immediately asked whether it was written in French or English. The reply was that it was written in English and the officer asked him to accompany him. Mr. Thibault closed the door in the face of the officer. Another R.C.M.P. officer who was in the area joined the first one and both tried through the door to discuss with Mr. Thibault who refused to come to the door.

Sometime later, three men came with movie projectors and a mobile unit of a local radio station appeared on the site. The officers were wondering whether they should execute the warrant for arrest, and contacted their office for instructions. They were advised to come back and not to execute the warrant at that time.

I was told that the magistrate court in Ottawa as a practice serves all local summonses in English, but that bilingual interpreters are available to give assistance to any person in need of such a service. The serving of local summons obviously comes under the jurisdiction of the Ontario government.

The facts of the case are therefore that Mr. Thibault, after two warnings, received a traffic ticket. The subsequent procedure and the serving of summons were in accordance with the procedure in the Ottawa magistrate court. At the present time there is a warrant for his arrest issued by the court for offences on federal government property. That warrant will be executed in due time. I understood that another warrant had been issued for his arrest on seventeen counts of traffic violation within the limits of the city of Ottawa.

(Text):

GRAIN

SASKATCHEWAN—REQUEST FOR INCREASE IN DELIVERY QUOTAS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I have a question of urgency for the Minister of Trade and Commerce, but in his absence may I direct it to the Secretary of State for External Affairs since he was the agriculture critic when sitting on this side of the house. Since only one month remains of the 1962-63 crop year, and since the northeastern area of Saskatchewan has on the average a very low grain delivery quota, would the minister use his office to have the delivery quotas increased in this area, and also see to it that the railroads provide sufficient cars to make room available for these quotas?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, this question obviously should be directed to some other minister, but because of my well known collaboration with the hon. gentleman in doing something about rape seed I should at least acknowledge the question and refer it to the proper minister.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO PERSONNEL OF ROYAL COMMISSION

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to ask the Acting Prime Minister a question concerning the proposed royal commission on biculturalism, but first I wonder can he tell us whether the premier of British Columbia has yet replied to the Prime Minister's letter of May 15 on this subject?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I would have to inquire, but my understanding is that there has been an oral reply on this matter.

Mr. Prittie: Then may I ask, in view of the great interest about the personnel of the commission, will the government announce the names of the members within a week, even if the premier of British Columbia does not submit a reply?

Mr. Chevrier: I am afraid I shall have to give the usual reply that in due course the Prime Minister or Acting Prime Minister will make the announcement.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I would like to ask a question of the Minister of Justice. Does the Department of Justice intend to make any investigation to clarify the role of some prominent Canadians as security risks, as a result of their association with Dr. Ward, personal sponsor of Christine Keeler of Profumo fame?

LABOUR CONDITIONS

GREAT LAKES—DELAY IN LOADING CANADIAN SHIP AT CHICAGO

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I wish to direct a question to the Minister of Labour. My question deals with the boycott of the Canadian grain ship the *Howard L. Shaw*, held in a Chicago port since April 22. Could the minister advise the house what steps he or his government have taken to end this flagrant interference with the right of Canadian vessels?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, it would be difficult on orders of the day to outline in detail the various steps that have been taken in the past several weeks to assist the owners of this ship to load it, but as my hon. friend knows, the court in Chicago recently issued a restraining order which would have had the effect of allowing the ship to be loaded if the workmen or union members had respected this restraining order.

They have to this date not respected the restraining order, with the result that the ship has not been loaded, but at the present time I understand the national labour relations board is considering what further steps might be taken in a legal way. Yesterday the Department of External Affairs and the Department of Labour were both in touch with their counterparts in Washington, outlining once again the urgent nature of this question, and asking that everything possible be done. I am hopeful that these further representations will have effect.

PROVISION OF EMPLOYMENT FOR EMPLOYEES OF URANIUM MINES

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I should like to direct a question to the Minister of Labour. Would he inform the house what action has been or will be taken to provide assistance and employment to the many workers in the Bancroft area who are unemployed because of the closing of the Bancroft uranium mines this week?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I understand that an announcement has already been made—

An hon. Member: Where?

Mr. MacEachen: —with regard to giving assistance in the matter my hon. friend has in mind.

Mr. Webb: I have a supplementary question, Mr. Speaker. May I ask the Minister of Labour whether he is aware that three weeks prior to the election on April 8 full page ads appeared—

Some hon. Members: Order.

Mr. Webb: —stating that if Mr. Pearson were elected he guaranteed to keep the mines open—

Mr. Speaker: Order. Hon. members must know the rules as well as I do. I do not think that is the proper way to act. That is taking a certain advantage of the Chair, and it is not appreciated.

Hon. Paul Martineau (Pontiac-Temiscamingue): I have a supplementary question, Mr. Speaker, which relates to the answer the minister has just given. In view of the fact that the proposed stockpiling which was announced outside this house in regard to the uranium mines will only extend the life of the mines concerned for a few months, can he say whether the government is considering helping the uranium industry by arranging production loans as requested by the industry?

Mr. MacEachen: I might say, Mr. Speaker, as a preamble to my answer, that while I am interested in giving any information that I have, this matter is not under the jurisdiction of the Department of Labour. In response to the second part of the question, this would naturally be a matter of policy that would be announced at the appropriate time.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. May I ask the Acting Prime Minister why this announcement regarding uranium stockpiling was not made in the house, and whether it can now be made in the house so we will have the full details of the government's plan to assist the uranium industry?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I have the statement here and I think I understand why it was made outside the house. It was made to the chairman of the committee which was charged with the investigation of the economic status of Elliot Lake and the chairman of the industrial committee of the Bancroft and district chamber of commerce. That is probably why the Prime Minister made this statement. However, I should add—

An hon. Member: Government policy should be announced in the house.

[Mr. MacEachen.]

Mr. Chevrier: —that the matter falls under the jurisdiction of the Minister of Trade and Commerce, who unfortunately is not here today; otherwise he would have dealt with it.

Hon. Gordon Churchill (Winnipeg South Centre): I have a supplementary question, Mr. Speaker. Would the Acting Prime Minister advise us as to the financial commitment made by the government in this stockpiling program?

Mr. Chevrier: I am afraid, Mr. Speaker, that I cannot add anything to the statement that has already been made. I am sure it has been circularized, and I will be glad to send a copy to my hon. friend.

Mr. Douglas: May I ask a supplementary question, Mr. Speaker. Surely the Acting Prime Minister would agree that a statement of government policy ought to have been announced in this house rather than outside it. Surely the details of this policy ought to be available to hon. members, and there should be some responsible minister who can now give this information to the house.

Mr. Chevrier: I had understood that this matter was made public, Mr. Speaker. However, if it is the wish of the house—

An hon. Member: It was made public?

Mr. Chevrier: Yes, it was circularized.

An hon. Member: Where? Not in the House of Commons.

Mr. Chevrier: However, Mr. Speaker, if it is the wish of hon. members I shall be glad to read the statement which I have before me now. The statement made by the Prime Minister is as follows:

I am happy to inform you that the government has developed proposals designed to maintain employment in your community. They are proposals to provide for further uranium production until next summer so that alternative sources of employment can be developed meantime.

The production of uranium has declined sharply in recent years and, under present contracts, a further sharp decline will take place in the course of this summer and next winter. The government has carefully examined the possibilities of maintaining production and employment in the uranium mining industry by means of a stockpiling program. The eventual prospects for a revival in world demand for uranium are good. But, as far as can now be foreseen, the revival will not be fast enough or large enough to justify a full stockpiling program meantime. The stocks accumulated would be of such size, in relation even to the reviving demand, that they could exert a depressing influence on the price of uranium for many years. Extended stockpiling therefore would not be in the national interest.

The government however recognizes that it has a duty to help provide a breathing space during which alternative sources of employment can be

developed in the communities affected. Past uncertainty and lack of action have created a situation in which the further adjustment these communities face cannot be made smoothly.

The government accordingly announces that strictly as a short term measure it is prepared to buy, and to stockpile, the quantities of uranium that will enable certain mines to maintain present employment until July 1, 1964 at prices which will cover the operating costs of the mines to that date. The companies concerned have been informed of this offer and the government believes that satisfactory arrangements can be negotiated with them. When this has been done, the proposal will be put before parliament for approval.

The three mines affected are Milliken and Denison mines at Elliot Lake and Faraday mine at Bancroft. These are the mines which could continue to operate economically but which, under present contracts, will close at dates between next month and the end of the winter. The communities concerned will therefore be able to rely on the continuation of present employment until the end of the next school year.

This decision is an expression of the government's declared general policy for facilitating industrial adjustments. The government is meantime vigorously exploring the opportunities for alternative employment that may be developed in these communities during the next twelve months. To attempt to bring this search to a satisfactory conclusion will be a priority activity for the department of industry, and its area development agency, whose establishment the government has proposed to parliament.

Mr. Douglas: A supplementary question—

Mr. Crouse: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order. The hon. member for Burnaby-Coquitlam.

Mr. Douglas: A supplementary question, Mr. Speaker. May I say first that it seems to me an amazing innovation that an important statement like this should be made by means of a circular sent out by the Prime Minister and not divulged to the House of Commons. Could I ask the Acting Prime Minister, does this mean that the assistance forthcoming under this announced plan will be applicable only to the uranium companies named in Ontario and will not be applicable to the uranium companies in Saskatchewan operating in the Beaverlodge and Uranium City areas?

Mr. Chevrier: As the hon. member has noticed, Mr. Speaker, I have mentioned the mines and I take it these measures apply only to the mines mentioned in the statement. However, as I said earlier, the matter is one which falls under the jurisdiction of the Minister of Trade and Commerce, who I am sure will be glad to deal with it tomorrow.

Mr. Lloyd R. Crouse (Queens-Lunenburg): It is not very often I find myself in agreement with the hon. member for Burnaby-Coquitlam, but I should like to support what he has stated in the house today and endorse his stand that this statement should have been made here, because—

Some hon. Members: Order.

Mr. Crouse: —because I have myself placed on the order paper question 399 on this subject, a question which remains unanswered.

(Translation):

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, the Prime Minister being absent, I should like to ask the Minister of Justice a question.

Could the Minister of Justice tell us whether in order to prevent unemployment, the policy of assistance to uranium development could be extended to other industries which might later find themselves in an identical situation?

Hon. Lionel Chevrier (Minister of Justice): The only answer I can give my hon. friend is that there is already on the order paper, in the name of the Prime Minister, a bill concerning the creation of a department of industry, which would, among other things, be responsible for helping the underdeveloped areas in this country.

(Text):

Mr. Joseph Slogan (Springfield): I should like to direct a supplementary question to the Acting Prime Minister and ask him if he would investigate and report to the house on what the private uranium industry is doing to sustain employment in the industry, in view of the fact that they have received some two and a half billion dollars in government contracts from which I understand they have made some $400 million in profits.

Mr. Chevrier: That is a gratuitous statement on the part of the hon. member. I am not able to say whether or not it is accurate. In any event I will direct his question to the attention of the Minister of Trade and Commerce.

[*Later:*]

Hon. George C. Nowlan (Digby-Annapolis-Kings): In view of the statement made with respect to the uranium mines, I am sure the Prime Minister must have discussed this matter with the Minister of Finance. I wonder if the Minister of Finance could tell us what is the financial commitment for keeping open these mines under the terms of the announcement made.

Hon. Walter L. Gordon (Minister of Finance): A supplementary estimate will be presented in due course.

Mr. Nowlan: Is the Minister of Finance not in a position to tell the house roughly what will be involved in the commitment which

has been assumed by the government without communicating with the House of Commons?

Mr. Gordon: I do not think it would be very helpful to give a rough estimate.

Mr. Nowlan: On a question of privilege, that would certainly be in keeping with all the other estimates the minister has given us up to the present.

LABOUR RELATIONS

VANCOUVER—STEPS TO PREVENT STRIKE OF LONGSHOREMEN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Minister of Labour in connection with the situation on the docks in Vancouver. We all of course realize the seriousness of the situation in so far as the shipment of wheat and other products is concerned. Is he in a position to give a reply as to the present position of the negotiations, and to express the hope that a settlement will be arrived at so that serious damage will not be done, particularly to the wheat board in disposing of its wheat?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I have received a number of representations on this particular point with reference to the impact that any contemplated strike might have on shipments from the west coast. The situation at the present time is that both parties are in the midst of contemplating further contact, and officers of the Department of Labour are standing ready on the west coast to offer their assistance at a time when it might be felt this assistance would be useful. But up to the present time no indication has been given to us that any outside help of that kind would be useful. I think maybe tomorrow the situation will be more clarified.

Mr. Diefenbaker: Is tomorrow the date, the final date?

Mr. MacEachen: The indication is that strike action might be contemplated after Friday evening, but if such strike action is undertaken there will still be the week end when it might be possible to put into effect this outside assistance.

Mr. Diefenbaker: I thank the minister.

AGRICULTURE

REPORTED STATEMENT RESPECTING ADDITIONAL MINISTER

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I would like to address a question to the Acting Prime Minister in view of the absence of the Minister of Agriculture. On May 21 on orders of the day a resolution concerning the Department of Agriculture was presented to the house to set up two ministers, one for the east and one for the west. Last Saturday a Winnipeg newspaper reported the Minister of Agriculture as saying this was government policy and would be dealt with at the appropriate time. Then he went on to say:

> It has not been discussed yet in cabinet.

I would like to ask the Acting Prime Minister if he would consult with the Minister of Agriculture and find out the truth or otherwise of this statement; and if it is true, then what is this subject matter doing on the order paper?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I have not seen the statement made by the Minister of Agriculture. I am sure there must be some misunderstanding. The matter that is referred to in the question of the hon. gentleman certainly could not be on the order paper had it not been under discussion in cabinet and I am sure there is some confusion.

(Translation):

[*Later:*]

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I wish to direct a supplementary question to the Acting Prime Minister. Does the answer he has just given mean that the Minister of Agriculture does not attend cabinet meetings?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, the Minister of Agriculture attends all cabinet meetings, when he is in Ottawa, and since the present government came into office, he has been here at least 90 per cent of the time.

(Text):

INQUIRY AS TO LOANS TO TOBACCO FARMERS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the Minister of Agriculture; perhaps his parliamentary secretary, in the minister's absence, will take it as notice. Is it the intention of the government to discontinue the granting of loans from the Farm Credit Corporation to tobacco farmers?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): I will be happy to take this question as notice and bring it to the attention of the Minister of Agriculture.

VETERANS AFFAIRS

SUGGESTED INCREASE IN MAXIMUM ADVANCE UNDER LAND ACT

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Veterans Affairs. In view of the increased cost of house construction caused by the 11 per cent sales tax, which the Canadian Construction Association estimates at $800 per house, is the minister considering an increase in the maximum advance under part 2 of the Veterans Land Act?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I do not think I can accept the premise of the hon. gentleman's question. If he were to write it out so that one could understand it—

An hon. Member: So that you could understand it.

Mr. Teillet: —perhaps I could give him an answer.

Mr. Speaker: Order. I think I can settle the question very quickly. The hon. member was offering an opinion and advice; he was not asking a question.

(Translation):

POST OFFICE DEPARTMENT

EMPLOYMENT OF STUDENTS DURING SUMMER VACATION

On the orders of the day:

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to direct a question to the neglected minister of the Liberal government, namely the Postmaster General, whom the budget seems to have consigned to oblivion. My question relates to the summer holidays which are starting now and I should like the minister to tell us whether he intends to urge postmasters and officials of his department to encourage the employment of students who would like to work during the long vacation rather than accept the regular applications.

Hon. Azellus Denis (Postmaster General): Mr. Speaker, if the Post Office Department requires the students' services, it will surely use them.

Mr. Valade: A supplementary question, Mr. Speaker.

Has the minister the intention to recommend—

(Text):

Mr. Speaker: Order. The original question should have been put on the order paper. Having asked it and having received a reply, I think the hon. member should leave it at that.

Inquiries of the Ministry

ROYAL CANADIAN AIR FORCE

TYPE OF AIRCRAFT TO BE SUPPLIED TO YEMEN CONTINGENT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Is the Minister of National Defence now in a position to answer a question I asked him on Tuesday in regard to the type of aircraft to be used by the R.C.A.F. contingent in Yemen?

Hon. Paul Hellyer (Minister of National Defence): Yes, Mr. Speaker. On Tuesday, the hon. member for Calgary North asked a question which I took as notice concerning the types of aircraft which have been supplied or are to be supplied to the R.C.A.F. contingent in Yemen.

On June 22 an air transport unit was formed in support of the United Nations Yemen observer mission. Aircraft from this formation are being provided by both the R.C.A.F. and the United Nations. Two R.C.A.F. Cariboo aircraft have been transferred from the United Nations emergency force at El Arish to this transport unit. In addition, the United Nations have supplied three Otter aircraft from the Congo which have been airlifted to Aden where they are being assembled by R.C.A.F. technicians and will be flown by R.C.A.F. crews to Yemen. One R.C.A.F. Otter has been temporarily transferred from UNEF to Yemen but will be returned as soon as the UN Otters are in service in Yemen.

It has also been proposed that the R.C.A.F. maintain and operate three United Nations helicopters which are presently located in the Congo. The R.C.A.F. now have a small team of technicians in the Congo examining these helicopters to determine their airworthiness. A final decision on R.C.A.F. acceptance of this helicopter commitment is being withheld pending the receipt of this technical evaluation.

To replace aircraft withdrawn from UNEF, a Dakota in Canada is being prepared for transfer to El Arish. This aircraft should be available for ferrying by approximately July 15. In addition, a Cariboo aircraft is being transferred from Trenton to El Arish effective July 8.

SHIPPING

LONG POINT BAY, LAKE ERIE—DANGER FROM ABANDONED OIL WELL CASINGS

On the orders of the day:

Mr. J. A. McBain (Elgin): My question concerns both the Department of Transport and the Department of Public Works. Since the Minister of Public Works is in his place I will direct it to him. It has been brought to my attention that oil well casings left in

Long Point bay, lake Erie, by drilling companies are becoming dangerous to small boats using the bay. This could be due, in part, to the low level of the lake which means that some of these casings are just below the present water level.

Will the minister endeavour to see that these oil well casings are properly marked by buoys, or take other safety measures for the protection of the boating public? This is an urgent matter because the bass fishing season opens in this area over the week end and hundreds of boats will be on the bay. Many lives would be in danger should these boats run into the unmarked casings.

Hon. J. P. Deschatelets (Minister of Public Works): I shall have to take this question as notice. As soon as possible I will answer it.

(Translation):

WORLD FAIR

INQUIRY AS TO FINAL CHOICE OF SITE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to ask the Minister of Public Works a question.

Would the minister, having, I think, received an engineering report on the world fair site, tell the house whether a definite choice has been made with regard to St. Helen island or not?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, this morning I received additional reports from the engineers who had been employed to that effect by the city of Montreal. Those reports were forwarded to the engineers of the department and, as I said last week, a meeting of all interested parties is soon to take place. If possible, I shall report to the house in the first week of July, when I have communicated with the interested parties.

[*Later:*]

Mr. Georges Valade (St. Mary): Mr. Speaker, my question has already been asked by the hon. member for Joliette-L'Assomption-Montcalm. We are still expecting a reply from the Minister of Public Works.

(Text):

I would like to ask a question to the Minister of Northern Affairs—

THE BUDGET

LEGALITY OF APPOINTMENT OF OUTSIDE CONSULTANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Acting Prime Minister. On June 18 the Prime Minister indicated that he was prepared to seek a legal opinion on the validity or otherwise of the appointment of certain persons to perform special services in the Department of Finance. The Prime Minister agreed that when this opinion had been obtained it would be tabled. Can the Acting Prime Minister tell us if the opinion is now available and when it will be tabled?

Hon. Lionel Chevrier (Acting Prime Minister): Yes. The Prime Minister brought the question to my attention. I think I was absent from the house when it was asked. I have requested the officials of the Department of Justice to look into it. The matter is under study now and as soon as I have a report I shall be glad to make a statement.

WATER RESOURCES

REPORTED QUEBEC WITHDRAWAL OF CO-OPERATION WITH COMMISSION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the minister of northern affairs a question based on the announcement of Hon. Rene Levesque that Quebec has withdrawn from co-operation with the water resources commission. I would ask the minister what were the reasons for such withdrawal, and if there is any hope of having Quebec reconsider this matter.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I must tell the hon. member that this is news to me. I have had no indication from Hon. Rene Levesque or from any other participant in the resource ministers' conference that this is the case, and I sincerely hope it is not the case.

Mr. Fisher: Mr. Speaker, just so that it does not look as though I had fabricated it, I got the information from a well known Montreal morning English newspaper.

AIR TRANSPORT

STATEMENT ON USE BY MOUNTED POLICE OF STRIKEBOUND PLANES

On the orders of the day:

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I should like to amplify an answer given on Tuesday last to a question by the hon. member for Comox-Alberni concerning the use of Pacific Western Airlines by members of the R.C.M.P.

I said when I answered the question that I understood the strike was not recognized as a legal strike. I now find that my informants were under the impression that the strike affecting Calgary and Edmonton points on

the air line was separate and distinct from the strike of stewardesses and traffic employees of Pacific Western Airlines which originated in Vancouver. I would further amplify my answer by saying that if the strike in question at Calgary and Edmonton is the one affecting stewardesses and traffic employees, then the strike is legal in the sense that the required procedures under the Industrial Relations and Disputes Investigation Act were completed before the strike commenced.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question. Does that alter the government's decision not to have the R.C.M.P. use an alternative route for transportation?

Mr. Chevrier: I am afraid I will have to ask the commissioner to look into that matter.

NORTHERN AFFAIRS

STATEMENT WITH REGARD TO PROPOSAL TO DIVIDE NORTHWEST TERRITORIES

On the orders of the day:

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, on Tuesday of this week the hon. member for Northwest Territories asked me what was the intention of the government with respect to the furtherance of the bills providing for creation of the new territories of Mackenzie and Nunassiaq. It is our hope that we can proceed at the earliest possible moment with the resolutions, have the bills printed, and thus enable members of the House of Commons and members of the territorial council to study them. The council is meeting at Inuvik on July 8 and I think it is imperative that they be provided with copies of the bills before that time. Whether the bills should then be referred to a special committee of the house, as he suggests, is a matter for discussion and determination by the House of Commons.

(Translation):

DEFENCE PRODUCTION

MONTREAL—REQUEST FOR CONTRACTS FOR CANADAIR

On the orders of the day:

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, the hon. member for Joliette-L'Assomption-Montcalm asked me yesterday whether I could comply with the wishes of Ville St. Laurent concerning employment at Canadair.

In reply, I wish to inform the hon. member that two weeks ago, my colleague, the hon. member for Dollard (Mr. Rouleau), planned a visit of the mayor of Ville St. Laurent to Ottawa so that he could make direct representations to the minister.

The Ville St. Laurent council will be in Ottawa next week and I shall be pleased to hear their representations in the interest of all parties concerned.

(Text):

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

Hon. Lionel Chevrier (Acting Prime Minister) moved the second reading of Bill No. C-74, respecting the department of industry.

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, the purpose of Bill No. C-74 is to establish a department which will be concerned with fostering effective economic growth and development in manufacturing industry, as outlined in sections 6 and 7 of the bill. At present, Canada's manufacturing industries provide direct employment for more than one and a half million Canadians. They also create work for the many persons who are supplying materials and facilities to manufacturers. The government intends to place more emphasis on this important sector of the economy.

Traditionally, the prosperity of Canada has depended to a considerable degree on our abundant natural resources. The development of production and trade in the products of our farms, fisheries, forests and mines has been responsible for much of Canada's economic growth. In recognition of the importance of these activities, specialized departments of government have been established to work with these primary industries in order to encourage their growth on an efficient and effective basis.

The new department of industry will concentrate on the needs of manufacturing industries and will assist them in taking advantage of opportunities for sound economic development. At this time, there is probably a greater need than ever before for such a department. Canada's labour force is growing rapidly and will expand at an even faster rate in the years ahead. Many of the additional entrants to the labour force will have to find employment in manufacturing industries. Concurrent with the growth of the labour force, the accelerated trend to automation and other technological changes emphasizes the need to create new employment opportunities for substantial numbers of workers.

In recent years, we have heard a great deal about the emigration of many of Canada's skilled workers—scientists, engineers, designers and other professional and technically-skilled people. The cost of training such workers amounts to many millions of dollars each year. Many leave Canada simply because the opportunities in technically advanced industries are often greater in other

countries. Accelerated development of manufacturing industries in Canada can help to keep these people usefully employed in Canada.

Over the past decade, the pace of technological progress in secondary industry in the more industrially advanced countries has been increasing rapidly. Progress over the next decade is certain to be even more rapid. As a result, Canada must place greatly increasing emphasis on fostering technological and economic development and growth.

The world trend to expanded trade in manufactured goods also stresses the need for effective growth in secondary industry. More and more, successful trading nations will be dependant upon vigorous and efficient manufacturing facilities as a basis for expanding their trade. Furthermore, the initiatives at present being planned to achieve an additional freeing of world trade will result in benefits for those countries which can produce competitively. On the other hand, countries which do not encourage effective development of their manufacturing industries will face increasing difficulties in meeting competition in home and export markets.

The department of industry will have a major role in implementing the government's policies to encourage effective growth and development of manufacturing. It will initiate and carry out a wide range of activities to assist manufacturing industries in improving their ability to be effective and competitive producers. In carrying out these tasks the new department will maintain a close working relationship with every sector of manufacturing. To accomplish this, the new department will have groups to work with each manufacturing industry.

The department of industry will, of course, work closely with other federal departments in implementing activities to assist manufacturing industries. It will be especially closely related from the outset to the Department of Defence Production which has been concerned with the industrial development of the defence production sector of Canadian manufacturing. It is essential, therefore, that there be very close co-operation between the two departments. The need for such a close working relationship is strengthened by the fact that the role of the Department of Defence Production is being currently reviewed in the light of the Glassco commission recommendations about consolidated government purchasing.

As the bill provides, there will be one minister who will be responsible for both departments. He will be in a position to bring about co-operation, avoid duplication of activities and achieve a meshing of the resources of the two departments. There is a very close relationship between procurement and industrial development. For example, the Canada-United States development sharing program stresses product development and has led to the development of new exports and employment opportunities in Canada.

The government also recognizes that trade and industrial development are closely related. For this reason the department of industry will work closely with the Department of Trade and Commerce, as do other departments with specialized interests. For example, the departments of mines and technical surveys, agriculture, fisheries and forestry have special responsibilities for the growth of specific sectors of the economy. However, each of these departments also co-operates closely with the trade department in developing export markets.

It is also recognized that the provincial governments have definite responsibilities for industrial development. For this reason it is intended that the new department should work very closely with the provinces. In order to provide for effective liaison between the department and provincial governments and industry in the various regions of Canada, it is proposed to establish a number of branch offices in main regional centres.

Under section 7 (a) of the bill one of the principal responsibilities of the department will be to acquire a detailed knowledge of every aspect of manufacturing industries. Because of the increasingly close interrelationships between industry and government effective liaison is of vital importance. The department will, therefore, acquire detailed knowledge of the problems of industry and will be in a position to work closely with industry to assist in eliminating obstacles to growth and efficiency.

An important part of the liaison between the department and industry will be to provide manufacturers with a better understanding of the services which are available from government departments. These services, most of which are not available in industry itself, can often greatly assist manufacturers in overcoming problems or in finding new production opportunities. The department will seek to ensure that these services are used to the fullest extent.

Under the provisions of section 7 (b) the new department will promote the establishment, growth, efficiency and improvement of manufacturing industries in a number of ways. First, the department will assist industries to identify products which have been imported into Canada in volume and which could be manufactured in Canada on an efficient and competitive basis. In other instances it will provide information and will

co-operate with industries who are seeking new product lines which would contribute to the efficiency of their operations. Second, it will take steps to provide assistance to manufacturers in their efforts to produce better products in the most efficient manner. Working with the national design council, it will be active in fostering the best possible uses of engineering and product design in industry. Third, the department will be prepared to work closely with industry in studying all aspects of manufacturing operations including, for example, industrial structure and organization, materials utilization, production techniques, plant and equipment facilities, marketing and market trends and financial requirements.

Section 7 (c) provides that the department shall develop and carry out programs and projects to assist the adaptation of manufacturing industries to changing conditions in domestic and export markets and to changes in the techniques of production. At present the Department of Defence Production assists defence industries in adapting to new markets through its production sharing program. The Department of Trade and Commerce is working with industries to adopt the most effective production and marketing techniques by organizing industrial missions abroad and undertaking comprehensive industrial studies. Currently a Canadian furniture mission is in Europe examining all aspects of furniture production and marketing. These two activities, promoted by the former government, are excellent examples of industry-government co-operation to help industry to help itself. It is vitally necessary, however, to do much more of this type of work. More vigorous programs must be developed and initiated as quickly as possible if Canada is to overcome its present unemployment difficulties.

In some instances special measures are required to assist industries to develop their full production potential. One of the responsibilities of the new department will be to identify these industrial sectors and to advise the government on the ways and means by which production in these industries can be increased. In developing such potential the department will undertake detailed studies in co-operation with industry and other federal departments in order to recommend measures which will achieve efficient industrial growth. At the present time the government is working with the producers of motor vehicles and the manufacturers of parts with a view to increasing production in Canada on an efficient and competitive basis. The undertaking of these projects requires the closest working relationship between industry and government.

Establishment of Industry Department

Another major area of work of the department will be in the field of industrial research and technology. I have already mentioned the importance to Canadian industry of keeping abreast of new scientific discoveries and new technology in order that it can maintain and increase its competitiveness. The new department will develop close liaison between industry and government in research work and will encourage greater industrial research within Canadian industry itself. At the same time it will promote the application of modern industrial techniques within the various sectors of Canadian manufacturing. Much more applied research within manufacturing industry will be encouraged, particularly in the non-defence industries.

The advantages of healthy and effective growth in manufacturing industries are as vital to the best interests of organized labour as they are to management. We recognize that in any comprehensive activities to foster and assist industrial development organized labour must play an important role. There should be close co-operation not only between labour and management but also between government and organized labour. While labour has much to gain from such an association, we believe that it can also make a valuable contribution to the department's activities. For these reasons, the department will bear in mind the useful role that organized labour can play.

Now, Bill No. C-74 provides also for the establishment of an area development agency. This agency will be concerned with assistance to areas of high and chronic unemployment, where special action is necessary to promote economic and industrial growth. The activities of this agency will, of course, be closely related to industrial development and the agency will have a close working relationship with the other activities of the department.

This will be the first time that a federal government has made provision for a specialized organization to concentrate on area problems in all regions of Canada. Other agencies have been limited in their activities to particular regions, such as the Atlantic provinces, or to specific sectors of the economy. The area development agency will develop and implement programs and activities to improve economic conditions in designated areas with a view to fostering employment and better levels of income. At present, careful consideration is being given to the most appropriate criteria for designating such areas.

Furthermore, under the provisions of section 11, the governor in council would have

authority to authorize and direct departments, branches and agencies of the government to undertake special measures as may be appropriate to facilitate economic development in designated areas. As a result, it will be possible to plan and implement coordinated programs involving the facilities of a number of departments. The agency also will work closely with provincial governments and regional bodies in developing and carrying out its program.

If the department of industry is to be effective, it must be in a position to acquire the services of personnel who are highly knowledgeable of the various sectors of manufacturing industry. Furthermore, it is urgent that the department have competent personnel, with specialized industry knowledge, as quickly as possible. In many instances, personnel with this type of background are not at present available in government. As a result, it will be necessary to obtain the services of a number of personnel from outside the public service during the initial stages of the department's development. Section 5 of the bill will authorize the department to employ such highly qualified persons on a temporary basis until permanent career staff can be recruited and trained in the regular manner. This special authority will terminate on December 31, 1964.

It is highly desirable that the new department should be in a position to obtain the advice of persons in industry, trade associations, organized labour and universities who have extensive background and experience in matters relating to manufacturing industries. This is particularly important in order to ensure that there is close co-operation between industry and the department. Section 15 authorizes the governor in council to appoint advisers and committees for this purpose. It is envisaged that advisory committees will be established which can be consulted respecting major activities of the department.

Through the type of activities which I have mentioned, the department of industry will have an important role in Canada's future economic development. By working closely with manufacturing industry, it will be intimately aware of industry problems and be in a position to assist effectively in their solutions. It will be concerned with technical and scientific development and the competitive advantages which Canadian manufacturers can obtain through the application of new technology. Equally important, it will be able to help manufacturers become aware and take advantage of new production and marketing opportunities. In this way, the department will be making a valuable contribution to the development of a strong and vibrant Canadian manufacturing industry.

[Mr. Drury.]

Hon. J. W. Monteith (Perth): I assume, Mr. Speaker, that if the Prime Minister (Mr. Pearson) had been able to be present he would have presented the government's statement on second reading of this bill. While I appreciate the minister's efforts very much, I regret that the Prime Minister has not been able to be present.

The minister gave a very detailed description of the bill, and it is this description that frightens me. In my opinion the bill illustrates the position I took during the budget debate to the effect that this government is looking towards a completely planned economy. I shall have more to say about this on some of the detailed clauses.

I was not present, unavoidably, during the debate at the resolution stage. I have, however, read all the speeches that were delivered at that time. The debate on the resolution was started, I believe, on June 7, was interrupted and then completed on June 14. There were a lot of good speeches in that particular debate but, in my opinion, one stands out. I refer to the speech delivered by the hon. member for Regina (Mr. More). This speech stands out because the hon. member cited actual experience during the latter years of the war which illustrated the useless waste of time that another bureaucracy can bring about. This is what I am afraid of in relation to this bill. The hon. member described his experience with a clothing establishment and described the waste of material and extra cost which resulted from certain directives.

The bill is now before us, Mr. Speaker, and I am sure that the fears of many hon. members, expressed at the resolution stage, have now been confirmed. Perhaps these comments should have been made during the committee stage, but I should like to point out that the Canadian Manufacturers' Association, in their report of the 92nd annual general meeting, do recommend a department of industry; but the general manager of that organization, Mr. J. C. Whitelaw, Q.C., added these remarks:

> This role amply justifies the government proposal to establish a full cabinet voice for the manufacturing industry through the designation of a minister and department of industry.

But he says:

> At the same time, the association has made it clear that it does not advocate the creation of yet another ministry and department, believing that the appropriate ends could be accomplished by reorganization and re-emphasis of existing facilities.

This recommendation has not been followed, Mr. Speaker, and I firmly believe it should. I believe we are setting up another bureaucratic organization which may well affect the living habits of industry in Canada to a degree where they may regret it.

We now have the bill before us and I have examined the clauses carefully. I do not intend to comment at length on the clauses at this stage because other speakers will also be addressing you on the contents of this bill. However, I do suggest we will be giving very careful consideration to the clauses of the bill as it is examined in committee. There are many clauses which will be examined quite closely. Clause 5 makes provision for the calling in of outsiders. I am wondering if we are going to have more of the three wise men from Toronto. In my humble estimation this is a very dangerous possibility. It may lead to lack of confidence in the civil service, lack of confidence in those now in the Department of Trade and Commerce who are going to be transferred to the new department of industry, and also lack of confidence in those serving the Department of Defence Production which is to be absorbed in the new department.

Are these people going to be the theoretical types? In his statement the minister said he would bring in some university people. University people are good people, but I hope he certainly gives prior consideration to those who have actually had to make a living developing industry. There is no doubt that the Minister of Finance has advocated the bringing in of what I call these wise men, but I think he has found out to his sorrow that such a step has not worked advantageously. I would hope the designate minister of industry will not allow that to happen in the new department.

In fact, Mr. Speaker, I almost suspect some of that particular theoretical type of help in the drafting of the bill. I can just see the new department commencing operations. First of all it will probably start a survey of all types of industry in Canada. Doubtlessly this will be just to get their names on file. Then the department will start a breakdown to distinguish by group, by size, and possibly by class of business. I can see the building up of a clerical system so, that despite what the Prime Minister said on resolution stage, that this was to be a department to give advice, it will become one of the greatest bureaucratic involvements in which the government has become mixed up.

After a breakdown, possibly by size or possibly by class of industry, I can see what will happen next. All sorts of circularization and questionnaires will be sent out, causing industry more headaches and much higher costs. I can just see the ideas for more and more involvement of industry in this department, sprouting like wildfire in the minds of these people who are to be brought in.

Despite what the Prime Minister said on resolution stage, that there would be no conflict of interest with the provinces, I am afraid such conflict will be demonstrated very early in the existence of the new department. With respect to the area development agency, covered in part II of the bill, I would point out that today the province of Ontario has this very thing in being. Will there be duplication in this respect? I can see some legitimacy, some need for something of this sort in certain areas, but I would like to know just how the area planning agency will work in with the arrangement now in force in Ontario.

Apparently very extensive powers are to be given to the new department, and a few moments ago the minister stated that other departments can be directed to do almost anything the new department suggests or thinks should be done. I am afraid of that clause. I am frightened of clause 11, as it appears to me that some official may well start telling industry what it must produce, the quantity it must produce, where it must operate, and so on. We shall have to be very careful in analysing the clauses of the bill, and we will have to get very careful and full explanations in respect to them.

Another thing which worries me somewhat is that the commissioner for area development is to report directly to the minister instead of to a deputy minister, and we will want to know just how the deputy minister of industry and the commissioner for area development will co-ordinate their efforts. Could there not be a conflict of interest between them?

I am also worried about clause 14(a). Will it be possible to get privileged information under this clause which might not otherwise be available? May the department request privileged information from other departments? We want to know exactly how far this clause commits the government, the people of Canada and industry. We must be given more explanations than the minister has thus far given in his opening remarks, and questions will be asked in due course when we come to the examination of the individual clause.

I do not like the bill, Mr. Speaker. I do not think it should be before us. Instead I think we should be setting up an industry branch under, if you like, a renamed department of trade and industry. To me this would be sufficient to give all the required information and advice. In fact it has been and is being done to quite an extent. Some years ago when the previous government set up a small business branch it was found to be of great value to small businesses throughout Canada. Also the efforts which, in the latter years of

the previous government, were put into developing world trade could be developed and built up within the present department. All of these things have led me to believe that there should be a branch established dealing with industry, and not a new department.

In turn this would coincide with the wishes of the Canadian Manufacturers' Association. I think they see the pitfalls. They have stated so; and when I say that, I mean they did not advise a separate department but just a branch of the Department of Trade and Commerce. To me this would be reasonable.

I do not think I have any other matter to mention at the moment, except to say that the whole gist of the bill frightens me in that in the long run it is tending to build up another bureaucracy and another headache for industry. I just pray this does not happen.

(Translation):

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, on behalf of our group, I would like to say what we think of the bill which has just been submitted to us by the minister who would eventually head the new department which is to be set up.

We, of the Social Credit, consider that the Canadian government is somewhat like a huge trust company with branches throughout the country, of which every Canadian is in fact a shareholder, either by birth or by naturalization. Consequently, I think that we have a certain right in this respect, and that the government's intervention in that field might help create new industries or, at least, give some guidance to firms in need of help, or rather technical or scientific assistance, which it would be possible to give them.

There are obviously some tragic things in our time. If we examine the relevant statistics, we find that within five years, more than a million new jobs will have to be created in Canada. Moreover, according to the speech from the throne, if I remember rightly, an average of 200,000 new jobs a year will have to be created.

On the other hand, I know that within three years automation will put about 15 per cent of the workers out of their jobs, and it has even been forecast that within five years, more than 25 per cent of our industrial workers will be dismissed because of automation.

We therefore have an extremely serious problem to face, because those fellow citizens, those heads of families, will have to find jobs which will enable them to support their families.

Yet, we know that there are many products we are unable to absorb at this time. Indeed, anybody can check the fact that many products remain unsold.

In several areas of industry, not to say in almost all of them, there are large stocks of products which remain unsold because Canadians do not have the money to purchase them. And all hon. members have been able to notice that in many instances. Canadians certainly do not have enough money to purchase the current production.

I agree that we must still think about creating new industries to manufacture products we do not produce at present. There are certainly many new productions we could undertake. For instance, I recall very well that a few years ago, in the Saguenay area, an important visiting economist stated that our area could accommodate over 100 industries using aluminum as a raw material. We have in our area the largest aluminum production plants in the world, and nothing is manufactured on the spot. One only has to look in the warehouses and the stores to see that there are thousands of aluminum products.

Furthermore, an industry in my riding closed down in the years 1930-1935. Yet, it would be very easy to go there and pick up molten materials by truck to bring them on the site, which would considerably reduce the cost of the products to be manufactured. Instead of using ingot aluminum, they could get it in molten form and very easily manufacture it.

This is why I am taking the liberty of suggesting to the minister that he could take this opportunity to help in our area by creating the advocated regional agencies, because we should process our raw materials, which are abundant. I believe that the regional agencies suggested in Bill C-74 may eventually encourage the establishment of new industries in our area.

Now, I hope that this department will be more efficient than some others that I have seen in operation or that, after having been set in motion, seem idle and inoperative.

I know that in the province of Quebec fine plans were made, nice programs were conceived concerning industry and commerce. But it happens that no really tangible results have been achieved at the present time.

So, I hope that this department will not be an idle department, but a department that will achieve material results, because if it is made up only of civil servants without any industrial or selling experience, without any technical experience, it will be difficult for them to achieve anything. I believe indeed that in all achievements, in all projects, you need men with practical experience.

Now I find that department will be distinct from the Department of Defence Production, which is already under the authority of the present minister. If the idea originally was to have the two departments merge, the present Department of Defence Production with that of industry, it could truly be said that we should arrive at something which would allow a really serious program to be set up, because I honestly believe those two departments ought to become one.

If I may be permitted to offer a few suggestions, Mr. Speaker, for instance I think we could include in that department of industry everything that concerns production, even the Canadian crown corporations, that is all crown corporations which produce something. Those corporations should be under the control or authority, if you prefer, of the proposed department of industry.

Thus we have Atomic Energy of Canada and many other crown corporations, such as the Polymer Corporation, which manufacture all sorts of things. Finally, those industries must be under the control of the department of industry.

There could also be a merger of anything which concerns the distribution of goods, so that it may be under the control of the Department of Trade and Commerce, because at the present time that department is concerned exclusively, or nearly exclusively, with exports. In my opinion, the Department of Trade and Commerce is a department of distribution while the department of industry is one of production. The department of production deals with production in all the fields of raw materials that one can think of, while the Department of Trade and Commerce is that of distribution and marketing. And distribution must take place. Besides, when we consider the operation of the Department of Trade and Commerce we note that it deals practically with foreign countries only whereas the Minister of Trade and Commerce should remember that Canadians are consumers who could, if they had the money or the capital needed, consume a national production worth between $20 and $30 billion more than the present one. According to the latest statistics, it seems that our production has reached about $40 billion. And yet, in view of our present population, we could easily consume over $60 billion a year. But, as I said, Canadians do not have the money needed to buy the products.

I have already said in a previous speech that more than 700,000 families get only $35 per week. With $35 a week, one cannot even buy the essential consumer products. A family of five or six children needs at least $60 or $65 a week for food only. That means that Canadians have no money at the present time.

So the intended minister of industry will have to be in constant touch with his colleague the Minister of Trade and Commerce, to see that production arrives at destination, that is to consumers. That is one of the most important points in that field, because it would be useless to produce and produce if we do not find a way to have this production consumed.

That is why, as I said at the beginning, we consider Canada as a huge management company in which all consumers are stockholders through birth or naturalization, and it is with that intention that we, Social Crediters, say that a dividend should be distributed to all Canadians, as with corporations that show a profit every year—when a company shows a profit, it pays dividends to its shareholders and nobody takes exception to that. It is quite normal. But when we of the Social Credit speak of dividends, some people are shocked. They think this is impossible. Well, if it is possible for an ordinary manufacturing industry, I wonder why it should be impossible for a government which is a huge management company with thousands of branches all over a vast country like Canada.

Now, we must consider that this department must not interfere with provincial rights and that in all research, inquiries, or the various interventions made here and there, it will have to work in close co-operation with the provinces, after consultation with them.

Those are a few ideas I wanted to express, Mr. Speaker, on the establishment of this future department which, if it is properly established and managed, will allow a greater industrial growth in Canada, having always in mind this basic idea that production must

reach the consumers and that Canadians want to consume that production. But to do so, they must have money in their pockets. Our vicious and crafty financial system does not allow Canadians to have the necessary money. Let us establish a financial system which would neither be ridiculous, stupid nor foolish as our present one and Canadians will have the required money to buy Canada's production.

(Text):

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am pleased to speak on the second reading of this bill setting up a department of industry. I was amused to hear some of the things which have been said during this debate by spokesmen for the official opposition because I recall that remarks and criticisms of this type were made by speakers on behalf of the opposition in former days when a different government was proposing to set up a new department. There is a great deal of similarity in the arguments used.

I think this government will find itself in serious difficulty no matter what happens. They are now being charged by the opposition with being determined to go deeply into economic planning and development. They will be blamed for that, though I do not think they have ever seriously considered doing it. Nevertheless, they will be blamed, though they will derive none of the advantages which would follow a real attempt at economic planning. There is a crude expression which suits these circumstances very well, and the government might well find itself in such a position.

The Prime Minister (Mr. Pearson) said the other day that this new department would be to industry what the Department of Agriculture is to the farmer. This point of view was expressed again today by the Minister of Defence Production (Mr. Drury) who mentioned two other departments which are somewhat similar in nature, inasmuch as they deal with basic resources—the Department of Forestry and the Department of Mines and Technical Surveys. He also mentioned, I believe, the Department of Fisheries.

As one who comes from an inland area, I cannot speak about the Department of Fisheries and the benefits it may bring to fishermen. However, I do come from a mining area and I can say that very little advantage flows to our miners as a result of the activities of the department of mines. Neither, as yet, anyway, has much advantage come to the forestry industry in my area because of the establishment of the Department of Forestry.

It is surprising to find how little relationship these departments sometimes have with the fields they represent. There is no doubt the department of mines has some of the finest buildings in Ottawa under its control. It has a large and competent staff in the department. In my area we have many problems in mining. I represent the largest silver mining community in the world and this community has for years been in serious difficulty because the department of mines, or Canada as a whole, or the industry itself have not been able to solve some of the problems which surround the production and sale of silver. It is true one can pick up a paper and see, for example, that the United States is in dire need of silver and that industry throughout the world is in need of this scarce metal. Yet we have not been able to solve the problems which arise in the area where the silver is produced. The fact is that great developments either in prospecting or in production have simply not taken place. Even the silver we produce here has to be shipped out of Canada before it is refined. Yet we are told we have one of the greatest laboratories in the world under the control of the department of mines in Ottawa.

I am using this as an example to show that unless we really know what we intend to do about an industry we can set up all the departments we like and talk about as many schemes as we wish but, in the end, nothing of practical value will have been achieved.

One thing that bothers me about the present bill is this: the minister has not yet told us what the relationship of the department will be with the economic council of Canada. Two or three years ago, the Conservative government took a forward step by setting up a council to do exactly the same as this new economic council of Canada will presumably be doing. In the period between then and now we have not really decided what the functions of this council are to be, or in which sphere it should operate. Yet, today, we are being asked to set up a department of industry to put into effect the advice which is given by the economic council of Canada. It also occurs to me that the department may find difficulty in producing enough funds to help new industry establish itself successfully.

I was interested to hear speakers preceding me talk about the advantage which Canada has in possessing certain raw materials in great abundance. I was reminded of another important industry in my area. I am thinking of cobalt. Countries such as Belgium

have established huge industries based on cobalt metal. Yet in Canada we have not even considered it worth while to develop what would be a strategic material if a future war were to be waged, and upon which rockets and atomic weapons would depend. To do this would take money, and I think it is the intention of the government to put some money at the disposal of the department of industry to assist those areas where development has not already taken place. Without any finance or provision for finance this department will be of no value at all.

I am sure the minister will say that we can ask for grants when we put forward a specific proposal, but I am thinking of some of the grants which have been given in my area. Some disgraceful things have happened in the gold mining industry just because we have never faced up to the problems. I would say that there is not one farmer in the country who could not tell you about some disgraceful things that have happened resulting from short term propositions where particular items of agricultural production were subsidized without giving consideration to other aspects of the industry. I believe this department, as the minister has said, will have to develop new industries. I think we owe a great deal of gratitude and certainly some credit to a gentleman who at one time held the portfolio of trade and commerce, Mr. C. D. Howe, for some of the things he did with regard to crown corporations, such as the Polymer Corporation. There is not a free enterpriser in this country who is not envious of the Polymer Corporation because of the fact that it has been so successful. It was completely beyond the free enterprise concept of development in the initial stages. Since then these people have not been willing to take corporations even when they were "given away for a song" as happened in the optical development industry and others. I think these are fields in which the department of industry will have to engage.

We have, Mr. Speaker, many resources in this country still untapped. The other day I talked to a prospector. I was interested in some advertisements I had seen concerning collectors of rocks and the large amount of money made by some of these people who look for a piece of rock which is valuable for use in other than the mineral sense. The man who stumbled on this development, which is near Perth, set up a new industry producing marble. This marble is now sent to Italy. Italian industries buy this Perth marble, to which they have given the great name of Rideau marble. A number of prospectors must have passed over that because they were only interested in gold, silver, copper, or some such mineral.

There are many forms of industrial development of which advantage could be taken with the natural resources available to us, but they require development by the government. I agree that this could be done better by a department of industry than by the Department of Trade and Commerce. There always appears to be an advantage in specialization and having a mining department to handle mining and a forestry department to handle forestry. But there is no reason why they should not all be handled by the Prime Minister (Mr. Pearson) and companion departments created but without any names. That would produce the same result, and there is a psychological advantage.

We are continually being asked to subsidize some form of industry in Canada or to give some handout; but this is not to get an industry started, to do the necessary development, or to train people to operate the industry. We are asked to give handouts to sell products which have been developed. I think this is not what we are asking for in the establishment of a department of industry. This is actually what has been done in the Department of Agriculture. The other day a farmer asked me why it was that 40 or 50 weed inspectors in his area were not able to go to the Department of Agriculture to find out which weed killers kill which weeds, and have the department give them a demonstration. They were not able to obtain that kind of assistance. But if they had asked for two or three cents more on eggs, then they would have at least had a sympathetic hearing and a favourable reply, either now or in the future. Therefore what we want is assistance to develop new industry, and this will take money which must be set aside each year.

The minister mentioned that many of these things were contemplated, and I believe it is the intention of the government to pursue them. I presume the Department of Defence Production has lost a great deal of its impetus since the war, having been built up into quite a large department. I would say that it is not an unreasonable request to put two departments under the one head. I for one express regret that we do not have the former deputy minister of defence production to assist in the development of this new industry.

An hon. Member: He is coming back.

Mr. Peters: I understand he is coming back, and I hope that is true, because I found him to be a very energetic young man and one who I think would be interested in getting the wheels of this new department turning as fast as possible.

There are many other phases of this question, Mr. Speaker, which I should like to

speak on, but I will reserve my remarks for the clauses. There is only one matter I would mention about which I hope the minister will do something. I sympathize with the new attitude of the Liberal government in bringing in people from outside for a short period of time on a temporary basis, but I disagree with it entirely. I disagree for this reason. Some of these people who are brought in are no doubt the best brains available. But if they are brought in, I suggest that they be employed in that position and given the status of civil servants so they can be retained. We should give them that option so that they do not represent companies outside, and so that they will be able to give their wholehearted attention to the department they are assisting.

Mr. Deputy Speaker: Order. It being five o'clock the house will now proceed to the consideration of private members' business, as listed on today's order paper, namely private bills, public bills.

PRIVATE BILLS

SECOND READING—SENATE BILL

Bill No. S-19, to incorporate the union of Slavic churches of Evangelical Christians and Slavic Baptists of Canada.—Mr. Smith.

RAILWAY ACT

PROVISION FOR RETRAINING AND MOVING COSTS OF DISPLACED EMPLOYEES

Mr. D. M. Fisher (Port Arthur) moved the second reading of Bill No. C-15, to amend the Railway Act (responsibility for dislocation costs).

He said: Mr. Speaker, this bill is a small amendment to a very important act, the Railway Act, but if it were accepted it would make a tremendous change in the operations of the act and the operations of the board of transport commissioners. I believe that the bill deserves support not just for the general idea that it embodies but for the good consequences that would flow from it.

It would be preferable to me, in view of the wide interest in the bill by railroaders across Canada, that the bill be referred to the standing committee on railways, canals and telegraph lines. Last year the hon. member for Three Rivers (Mr. Balcer), who was then minister of transport, indicated that this was in the mind of the government of the time, but because of the collapse of parliament this was not possible.

The fact that there is a lot of interest in the bill can be proven by the interest that members of the house in the last parliament and this parliament have shown in it, and by the fact I have had letters from almost every province in Canada from railway workers and railway unions asking that it be implemented or, if not implemented, referred to the standing committee.

The railway association of Canada, which as most members know is made up of the management of the large railways, has examined the bill. It did this last year, and I want to be as accurate as I can. According to the information given us by the president of Canadian National Railways, Mr. Donald Gordon, when he was before our committee last year, the railway association was prepared to rebut the bill or to put its case against the bill. Therefore if the bill went to committee it would be possible to have before the committee representatives of the railway unions, certain railway communities and the railway association so that what is concerned in the bill could be examined in a very fair way.

I should like to put it to hon. members, if they are unaware of the fact, that there has been tremendous discussion over the years within railway circles about sections 181 and 182 of the Railway Act. There have been various interpretations and arguments put forward in that connection and the national legislative committee of the international railway brotherhoods year after year after year has come before the government and asked that changes be considered.

The factors that have created the demand for reconsideration can be placed in their roughest terms if one looks at the 25 year synoptical history of the Canadian National Railways as revealed in their last annual report. We find that in 1957 this railway had 124,000 employees. In 1958 the number had dropped to 113,000, in 1959 to 111,000, in 1960 to 104,000, in 1961 to 99,000 and in 1962 to 97,000. The Canadian Pacific Railway, the other major railway in Canada, and the smaller railways have had a similar dropping off in the number of employees.

This dropping off in employees reflects the tremendous changes in the make-up of the work forces and the drastic alterations in the work pattern. As a matter of fact, an employee on the maintenance of way force today is in a much different position from an employee just 10 or 12 years ago. This is so because there has been such a rapid reduction in the work force, there is so much more area for these people to cover, and there have been so many shifts. There is no area in Canada today where there is more insecurity than among railway workers.

Much of this insecurity has tended to fasten around an antagonism toward the heads of the railways, Mr. Crump and Mr. Gordon. I want to give an example of this inasmuch as I have been accused of leading

such antagonism. I wish to make the point that the hon. member for Kenora-Rainy River (Mr. Benidickson) is credited with making the statement during the last election campaign on the platform in the town of Dryden in northwestern Ontario that after April 8 when a Liberal government took over the railway workers would not need to worry because Donald Gordon would be fired, and there would be a new sympathetic head of Canadian National Railways.

I have also noticed that there is speculation at the present time that the present Acting Prime Minister (Mr. Chevrier) is going to become president of Canadian National Railways. I do not know whether that would have happy consequences for him because it is quite obvious that being the president of the railway in these days, when the work forces and the communities that depend upon railways are so worked up over their insecurity and technological change, does not hold out a very promising future for the head of such an organization.

Before I become too sympathetic with the Acting Prime Minister, if he should assume the role, or Mr. Gordon or Mr. Crump, I should like to say that this problem needs to be approached with relative detachment and I think the railway brotherhoods have done that very well. I received a letter last fall from James F. Hutchinson, a barrister who looks after the preparation of legislation and legal material for the railway brotherhoods. He referred to this particular bill which was before parliament last session and he sent me a brief that he had prepared to be presented to the cabinet. In essence it has been put to the cabinet and I thought that if I put it on the record it would make the legal difficulties apparent and explain to hon. members the reasons that a calm consideration of these two sections is required. I might also say to hon. members that just the other day the brotherhoods presented a brief to the cabinet. I have not received a copy yet, but I think that as members of the house we all will, and I understand that this material is contained in their presentation. Mr. Hutchinson's argument in part runs this way:

Section 182 of the Railway Act provides as follows:

"The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of section 181 are fully complied with, nor remove, close, or abandon any station, or divisional point, nor create a new divisional point that would involve the removal of employees, without leave of the board; and where any such change is made the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence necessitated thereby."

I think that any hon. member reading that would say to himself that this is a tight, coherent section that means something. What have been the consequences that have flowed from it? I continue my reading:

Section 181 hereinabove referred to will be found at appendix "A".

Section 168 provides:

"The company may abandon the operation of any line of railway with the approval of the board, and no company shall abandon the operation of any line of railway without such approval."

On June 26, 1958, the Supreme Court of Canada heard a case styled "The Brotherhood of Railway Employees, James Guy McLean and J. L. McGregor (appellants) and the New York Central Railroad Company (respondent) and Canadian Pacific Railway Company and Canadian National Railway Company (intervenants)." That case dealt with an order of the Board of Transport Commissioners for Canada authorizing the New York Central Railroad Company to abandon its operation of the line of railway of the Ottawa and New York Railway Company, and authorizing the Ottawa and New York Railway Company to abandon its line of railway which extended from Ottawa to the international boundary near Cornwall, Ontario.

I am sure, Mr. Speaker, you know where that is.

The employees sought compensation under section 182 for being required to change their residence. They were denied compensation by the board, and the latter was upheld by the Supreme Court.

Mr. Justice Cartwright in a dissenting judgment stated as follows:

"The claim of the employees appears to me to fall within the words of the section construed in their ordinary meaning. The company has in fact removed, closed or abandoned every station and divisional point which was situate on the abandoned line. Those of its employees previously employed at any station or divisional point thereon who have been retained in its employment have been removed to other situations in its railway system and it has been necessary for them to change their residence. The section does not appear to have been drafted by a meticulous grammarian; but it is reasonably plain that what is conditionally forbidden by that part of the section commencing with the words 'nor remove' in the fourth line, and, if permitted, gives rise to the right of compensation in such a removal, closure or abandonment of a station or divisional point as would involve the removal of employees and necessitate a change of the residence—

In my opinion, neither the arrangement of the sections in the Railway Act nor the history of the legislation furnishes sufficient reason for failing to give to the words of the section what appears to me to be their plain and ordinary meaning".

That is the end of the quotation from Mr. Justice Cartwright's dissenting opinion.

Unfortunately, Mr. Justice Cartwright wrote a dissenting judgment and the rest of the court found that the application by the railroad company for leave to abandon had been properly made under section 168; consequently no compensation was payable to the employees by virtue of section 182.

Mr. Justice Rand stated in his judgment:

"Both in 1933 and in 1939 the question of compensation was present to the mind of the draftsman of the legislation and yet there is not a

word in either statute or in the Railway Act by which compensation resulting from abandonment, apart from a 'measure, plan or arrangement' between the two systems, is provided for. If that had been the intention in relation to either the Canadian National, the Canadian Pacific or any other railway acting independently under section 168, it would have been the simplest matter to provide so. It could have been done by the mere statement that the provisions of section 182 shall be deemed to apply, where the facts warrant it, to abandonment under section 168; but that step was carefully avoided. The case is one in which a feature of compensation has not been brought within a statutory provision and this court is powerless to supply it".

Then, Mr. Hutchinson goes on as follows:

It is my respectful submission that when legislation is such that two judges of the calibre of Mr. Justice Rand and Mr. Justice Cartwright cannot agree on its interpretation, an amendment should be made to the legislation. It is my submission on behalf of the brotherhoods which I represent that compensation should be provided for employees in case of abandonment and therefore I request that this committee recommend to parliament—

And so on. He goes on with his recommendations.

Now, if hon. members would look at the explanatory note in connection with this bill they would see that the purpose is to provide that railway employees, who lose their employment as a result of changes beneficial to a railway, shall be compensated by that railway for the cost of rehabilitating themselves with new skills that are saleable in the labour market; for the cost of removal expenses to a new job; pension compensation for early retirement, if that is the better plan; or such other compensation as the board deems best for the restitution of the discharged employee. A secondary amendment widens the changes contemplated by the section to include freight or express offices.

I might say, in connection with the secondary amendment, that was introduced because of plans the railways are implementing now under which they are pulling together their freight and express operations—rationalizing as it has been called—and this affects a tremendous number of employees across the country.

The general question that one might ask in relation to a hard and fast rule or law that would require a corporation to pay compensation is, what are the precedents? What does this involve? Is it putting too big an onus on the railways? This, Mr. Speaker, is something the railways need to have an opportunity of demonstrating. It is quite apparent from the announcement we had in the house yesterday —or perhaps it should have been made in the house—regarding uranium mines, that it is a conception accepted by the present government that when an industry is threatened with collapse there should be efforts made. We had another example in the extension of coal subventions for a five-year period. As I have said, the announcement was an indication that there should be efforts made to support those people and to help them out. I have heard all the talk about the dirty dogs on the prairies who are supposed to have received too much from the overly generous previous government. I have regretted the interpretation that people outside the west are putting upon the assistance that has been given to the prairie farmers. I mention it to show that we now have accepted in a sort of piecemeal way the fact that someone should bear the responsibility for the dislocation, the wiping out of jobs, the wiping out of things that people have spent a lifetime building up, when events that are beyond their scope and beyond their planning take place.

For these reasons, Mr. Speaker, without being dogmatic about the particular wording or the virtue of the wording of the particular change that I have made, I feel that putting this before a committee and allowing for representations by a wide group that would care to come, we would be given an opportunity to deal with one of the current, lively problems that face railroaders right across the country. If the amendment or something like it were finally accepted it would, in a sense, almost be the adoption of corporate and governmental responsibility that is being accepted in this day and age when we have the effects of automation and technical change upon personnel and employment habits.

Mr. J. H. Horner (Acadia): Mr. Speaker, in rising to speak on this Bill No. C-15, I must say that I support it. I have had quite a bit to do with railway problems which, in the past four or five years, have been brought to my attention quite prominently by railway workers as a result of the continual shifting of railway policy and railway jobs. As was mentioned by the sponsor of the bill, employment on the railroads has been going down. Job security is one of the prime interests of workers on the railroads today, and they are vitally concerned about their position with the two major railroads in Canada.

We have from time to time in this house passed legislation which has had to come up for review and amendment, because as that legislation was applied to the economy of the country we found that it was not accomplishing the purpose for which it was intended. Sometimes we have found there were loopholes in this legislation which needed attention. It is my firm belief that when the Railway Act was first drawn up it was the intention of the legislators to provide compensation to employees for any financial loss. Section 182 states:

—and where any such change is made the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence necessitated thereby.

To me this is clear; but as the previous speaker pointed out, Mr. Justice Rand and Mr. Justice Cartwright could not agree on what was meant by financial loss. Therefore when we have two noted judges who are in disagreement on a piece of legislation enacted by this house, it is certainly time that legislation was re-examined and brought before a committee of the house where the loopholes could be plugged, to bring about a greater amount of security for the workers and to ensure that they be compensated for financial loss due to shift or movement of railroad operations.

In my area there have been a number of continual movements affecting railway stations and divisional points. Divisional points are a very vital issue across western Canada, and indeed across all Canada, and the railroads have attempted to get around the provisions of section 182, which state that no divisional point shall be done away with without leave of the board and without compensation for the employees involved.

The railroads get around this provision by leaving one partial train crew at a divisional point. The point is operated by a skeleton crew until the entire crew is pensioned off, and then the divisional point slowly fades out of existence. This is what happened at Big Valley, Alberta, which was a divisional point on the C.P.R. system. Practically all the operational crews were moved out of Big Valley in the early 1920's. One crew was retained and was given a small amount of work, until finally the members of the crew were pensioned off and the point slipped out of existence. In such a case the board would not have to compensate the workers under section 182 as it now stands.

This has happened in many prairie towns. I am thinking of one in particular, the town of Mirror, where a good many years ago the railway bought the townsite and encouraged the railroad workers to buy land, settle there, and invest their savings in the town of Mirror. In those days it was maintained that the town would grow in importance; but what has happened since then? The railroad is slowly trying to do away with that town, so far as the divisional point is concerned.

Railroad workers who have invested their savings and their lifework in such towns are now finding that their land and home values are dissipating, and are practically worthless so far as resale value is concerned, because of a shift of divisional points or railroad operations generally. I do not suggest that all shifts of railroad operations be stopped. I realize that with dieselization coming into effect we must be prepared to adjust to new situations, and the amendment suggested by Bill C-15 would allow for a proper adjustment with guaranteed compensation to the workers.

It is my belief that this house, or a committee of the house, should take a very close look at this crucial and anxious problem. Just the other day I asked the Minister of Transport a question pertaining to divisional point run-throughs. I asked the minister would he take it upon himself to consult the C.N.R. and stop any proposed run-throughs until the next wage negotiation contracts were up. He replied no, that he did not feel this would be a proper undertaking for him to give. That illustrates part of the uncertainty which railroad workers are facing. They do not know if this falls under their wage contracts, whether it should be a part of railroad management, or just exactly where it falls.

The proposed amendment embodied in Bill C-15 would go a long way toward creating a certain amount of guaranteed compensation and a certain amount of security in railroad employment. A few years ago if a worker had 10 or 12 years seniority with a railroad he had a certain amount of security, but today 10 years seniority is not enough to guarantee any security.

It has been pointed out previously that there are now something like 97,000 people employed by the railways, compared with 120,000 a few years ago. What the hon. member is seeking in his proposed amendment to section 182 is a certain amount of security in compensation, and I wholeheartedly support him in suggesting that the bill be referred to the committee on railways, canals and telegraph lines, where both sides of the argument could be heard. In that committee we might come up with an amendment similar to the one in this bill, and which would accomplish the same end.

I conclude by saying I certainly think this should be referred to a committee, and the committee should review it as a matter of urgency in order to bring some clarification to the act. Such clarification would be very beneficial to all railroad employees across Canada.

(Translation):

Mr. Robert Beaule (Quebec East): Mr. Speaker, Bill C-15 is most significant and we readily agree that it should be referred to the committee on railways, canals and telegraph lines, so that it can be fully looked into.

If we duly keep in mind what has happened over the last ten years, we find that railways have modernized locomotives. I remember very well that in 1959, in Quebec, it was decided to make some changes on account of automation and over 50 locomotives even had to be sent to Montreal in order to be serviced. At that time, of course, some workers from Quebec, who had been with the railways for a number of years, had to be transferred to Montreal. Others had been laid off, since there was no outside work for them.

As late as April 15 last, in Limoilou, certain changes had to be made, with the result that further Quebec employees had to move to Montreal, and eight of them had to be laid off for lack of work.

Though we may not be personally averse to automation, we must not forget that some workers have been sacked, and have thus experienced a sharp drop in their living standards.

That is why it is essential that the bill be referred to the committee on railways, so that all its clauses and possibilities might be explored, in order that the company might direct its employees to other sectors, thus avoiding a recurrence of the undesirable patterns of the past.

I have before me some resolutions passed by various union locals against the railways' decision to dismiss some of their employees in a near future.

If we take a look at the lower St. Lawrence region, we will find that over there they have adopted the "master-agency" system, resting on a master-agent. This method is being given a trial around Moncton, and if it proves successful, it will be used from east to west. This would mean that nearly 1,300 workers and employees of the C.N.R. would lose their jobs, and that their families would naturally suffer.

So, Mr. Speaker, it is most important that this bill be referred to the railways committee so that the employees who are laid off may find work in other fields and may have a minimum of security.

Automation is a very good thing but we must look after the employee, who is an asset for Canada; if we are concerned only with automation at the expense of workers, we will be faced with serious problems.

The house adopted last year a bill to assure the mobility of labour in the industry, and I think that charity begins at home. So, we must provide labour mobility within crown corporations as well as within industry.

So, Mr. Speaker, we entirely agree that this bill be referred to the railways, canals and telegraph lines committee for a more thorough study.

(Text):

Mr. Hubert Badanai (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, this is a bill which merits consideration, and I am indeed happy to rise in support of the principle, which will provide a measure of compensation to railway employees when the railway management decide on changes which may be beneficial to them, but which could work a real hardship on the employee if it involves removal from one location to another or a change of job. The purpose of this amendment moved by the hon. member for Port Arthur (Mr. Fisher) is to provide that railway employees who lose their employment as a result of changes beneficial to a railway shall be compensated by that railway for the cost of rehabilitating themselves with new skills, etc. This will also affect the non-operating employees of the railway.

During the past few years there has been a concerted move to effect so-called savings by unification of railway services of one kind or another. At the lakehead, in Fort William we have seen the unification of the telegraph offices which are now being jointly operated as one. This is contrary to statements and promises made at the time—this happened about two and a half years ago—that it would not mean loss of jobs, when protests were advanced against the amalgamation. The truth of the matter was revealed later, after the deal was consummated. It did mean loss of employment and loss of opportunity for some of those who had been in the telegraph service of the two railways. Years ago Sir Edward Beatty, who was president of the Canadian Pacific Railway, initiated a movement of amalgamation of the railways. He travelled up and down the country speaking in support of this idea which, to the credit of the government of Mackenzie King, was successfully resisted; and as far as I am concerned, any such move should be resisted now.

From time to time we read comments, statements and editorials suggesting that competition for railways is no longer required. I wish to quote an editorial which appeared in *The Nation's Business* magazine as an example of the thinking of some people in the country at the present time:

It is most difficult to demonstrate that there exists now a need for two railway systems in Canada. The alternative to the continued payment

of subsidies is to wind up, by government action, the railway undertaking of either the C.N.R. or the C.P.R.

This plea for railway amalgamation, which comes from transportation specialist Richard Rohmer, Q.C., at least has the decided virtue of freshness and bluntness.

The editorial continues:

The rail problem is one which in Canada has had a minimum of hard, twentieth century thinking. For a long time the two rail system has been widely defended or tolerated on the assumption that in the rail industry, as in other industries, competition is a vital working force in maintaining maximum incentives to efficiency.

That view was justified in bygone days when the railways had what amounted to a monopoly in long distance transportation. But given competition from new ways of moving goods and people, the theory of competition for railways needs candid review.

I do not share these views, Mr. Speaker, because I believe that in the long run the railways would stand to lose, rather than gain, by amalgamation. On the other hand, the problem facing the grain trade in western Canada, where there is the proposed wholesale abandonment of branch lines by the railways which have been serving approximately 1,000 country elevators, is a serious one and very careful consideration will have to be given to this question before taking definite steps. It has been reported that not only will the grain companies suffer capital losses through a reduction of storage revenue and disruption of handling grain, but hundreds of men will be without jobs, including elevator and railway employees. The farmer, too, will be affected by having to haul his grain to the main line, which may be anywhere from 15 to 50 miles further away.

According to a survey of consumer expenditures in 1950 prepared by the bureau of labour statistics of the United States department of labour, the loss of 100 railway jobs would have the following effects upon a community: $52,300 paid by the workers in taxes would be lost as income to support the community and the nation; $159,600 spent for food and beverages would be lost to local grocers and restaurants; $9,300 less would be spent for tobacco. Well, this item may of course please the hon. lady the Minister of National Health and Welfare (Miss LaMarsh). Forty-nine thousand eight hundred dollars less would be spent for rent and other housing costs; $19,800 in business would be lost to producers of electric power and sellers of fuel and refrigeration; $19,800 less would be spent for things necessary to operate a household; $41,600 worth of business would be lost by furniture and household equipment dealers. Sixty thousand dollars less would be spent for clothes and clothing services; $87,000 less would be spent for transportation, including automobiles, servicing, gas and oil; $24,000 less would go as income to doctors, nurses and others providing medical care; $11,000 less would be spent in beauty parlours and in the sale of cosmetics; $34,000 less would be spent on recreation, education and books; $6,000 less would be spent with miscellaneous business, $19,000 less would be given as gifts to churches and other institutions, and $24,000 in premiums for personal insurance would be lost to insurance salesmen.

Then, as the population of the world grows—and we are told that 40 years from now the population will be doubled—Canada's role in feeding the world will increase in importance and the need for an intensified production of grain will be evident. I can see a real need for the intensive cultivation of land, not for the abandonment of railway lines, a step which I consider can only produce unemployment and inconvenience, at best. As Canada's population grows, the troubles of the railways will disappear. That is my personal view.

In the meantime, we must develop and advance solutions to counteract prospective job losses due to automation, and the bill before us appears to offer to the railroads a reasonable proposal which would cover specific situations, being a broad protective measure for the benefit of those who through no fault of their own may be thrown out of a job or forced to move into an unfamiliar type of work which would require retraining.

The railways, certainly, have obligations to those of their employees affected by reason of the adoption of labour saving installations such as automatic yards, or office machinery, or indeed because of abandonment of branch lines or reduction of services. In all of these moves there should be, first, maximum notice of intention. Where displaced employees have no opportunity to relocate with the company, the railways should assume the responsibility of looking after them and their families until a satisfactory relocation is possible.

In other countries, such as England and the United States, there are arrangements for financial assistance for employees of railway companies who are required to relocate their homes as a result of changes in operations. In addition, there are schedules of severance pay for those who are unfortunate enough to lose their employment as a result of such changes. Without going into great detail, these countries give recognition to the human consequences resulting from technological change and other innovations.

The present Prime Minister (Mr. Pearson) speaking in Selkirk, Manitoba on March 8, 1963, made a statement on railway branch line policy which I should like to quote. The references within it to the prime minister—

as he was, then—are, of course, references to the hon. member for Prince Albert, now Leader of the Opposition.

I am aware that the entire structure of the Canadian transportation system is changing. This is particularly true of western Canada. Many of the changes being made are essential, but we must be sure that when changes are made, they are not made at the undue expense of particular areas and particular population groups.

The national government has an important responsibility where transportation is concerned because transportation is a foundation stone of Canada's social and economic life.

The Liberal party has given close attention to this issue. We will, when we form a government, see that any changes made are made with foresight and only after the fullest consideration of the interests of all those affected. We will ensure that essential branch line services are maintained.

A few years ago the Prime Minister appointed a special royal commission on transportation. After much study, the commission reported. One sentence from the report reads: "We are, therefore, in no position to offer a detailed plan for the rationalization of Canada's railway plant." Since that report came out, nothing has been done. Now, within the last few days, the Prime Minister has suggested that he has the answers. He says he is going to set up a branch line rationalization fund. It is true the royal commission could not solve the branch line problem. Now, after six years of delay the Prime Minister would have us believe he is going to take action.

The Liberal party does not claim to have all the answers to this very difficult problem. However, we will tackle it intelligently and without delay. As a government, the Liberals will establish a committee of inquiry to receive representations from farmers, labour, the municipalities and the provinces. This committee will be responsible for studying all the social and economic implications involved in the suspension of railway services. It will consider these implications not only from the standpoint of the railway companies but from the standpoint of the benefit to farmers, businessmen and the community in general. It will, as a government, be careful that no hasty actions are taken while the committee is deliberating. When the committee reports, its reports will be the foundation of a railway policy based on the best interests of all concerned groups and designed to maintain essential branch line services.

It seems to me that this statement is a fair appraisal of the situation. The Prime Minister is conscious of the consequences of any policy which would mean the displacement of workers in industry, and this includes lay-offs in the railways. I trust that before this private members' hour expires, the Solicitor General (Mr. MacNaught) will consider moving a motion referring this measure to the standing committee on railways, canals and telegraph lines for further study. I believe in a railway policy which would give every man employed with the railway company an opportunity to continue to work and also the chance of a better life than has been possible in the past several years as a result of dislocation, lay-offs and other troubles which appear to be the order of the day.

[Mr. Badanai.]

Mr. H. W. Herridge (Kootenay West): I rise briefly to express my wholehearted support for the principle and purpose of this bill. I do so because I have been interested in this question for a number of years particularly as a result of living in a district where mining is an important occupation. I am also interested in this as one who has seen the loss suffered by miners because of mines being worked out. I can think of one community which had a thousand inhabitants some 20 years ago. Now, it has only seven. I can think of others which had three or four thousand workers or residents but which today are reduced to populations of three or four hundreds because of the change in circumstances brought about by a changing pattern in the mining industry. I noticed the inconvenience and loss suffered by these miners before I was a member of any legislature and before I became a member of the House of Commons. It may be of interest to the house that the mine, mill and smelter workers union was to my knowledge the first union in Canada to urge this principle because of their experience with mining industry development. The government and corporations should, Mr. Speaker, accept some responsibility for losses encountered through loss of employment as a result of closing down of mines. It may also interest the house to know that there are two members of the mine, mill and smelter workers union in this house. One is the parliamentary secretary to the Minister of Labour (Mr. Byrne) and the other is the hon. member for Kootenay West, and we are both proud of our membership.

I am of the opinion, Mr. Speaker, that both the hon. member for Port Arthur (Mr. Fisher) and the hon. member for Fort William (Mr. Badanai), as well as other speakers, have expressed the need for this measure very well indeed. There is a need for financial responsibility on the part of government and corporations—which in the long run is society; it is the responsibility of us all—for some of the loss occasioned by loss of employment and loss of investment in homes which are greatly reduced in value when a community declines and operations cease. The government and corporations should also bear some responsibility for rehabilitating these citizens.

Attention has been drawn to the situation of the railway workers, because it was only recently that they suffered in the same way. This will increase with other industries; so more than ever there is a growing need for the acceptance of this principle. Because there is a growing need there is growing support for this principle. If you had talked of it ten years ago you would have found very few people interested, but now we have large

numbers of railroaders in my constituency who are affected, some of whom work on the Kettle Valley railroad, to which I have made reference in this house on two or three occasions, as well as in other parts of Canada. Because of my experience in the mining industry and my knowledge of the circumstances of the railroad workers, I believe this need is growing greater every day. Therefore I express support for the principle of this bill, and I am very pleased to urge that it be referred to the committee on railways, canals and telegraph lines for study, as a result of which I think we can resolve upon legislation which will do something to remedy this unfortunate situation.

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I move:

That the said bill be not now read a second time but that the subject matter thereof be referred to the standing committee on railways, canals, and telegraph lines.

Motion agreed to.

Mr. MacNaught: Mr. Speaker, I think the house would give unanimous consent if you would now call it six o'clock.

Mr. Deputy Speaker: Is it the unanimous consent of the house that I now call it six o'clock?

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

The house resumed consideration of the motion of Mr. Chevrier for the second reading of Bill No. C-74, respecting the department of industry.

Mr. Peters: Mr. Speaker, when discussion of this bill was interrupted at five o'clock I was dealing with some of the problems that this group would like to bring to the minister's attention on the second reading of Bill No. C-74, an act respecting the establishment of a department of industry. We think that this bill can be a very good one and that the department of industry can be very acceptable to the Canadian people or the measure can be a very innocuous one depending on how the administration of the department operates.

I believe the Canadian people are aware of the fact that our economy is rapidly changing, that industry is going to play a much more important part in our economy year by year and that a department to assist industry to develop and to establish the trade patterns needed to sell its products can be very useful. If the department operates like some of the other departments having to do with basic industries such as agriculture, forestry, mining and fisheries, then this will not really be earthshaking legislation. If, however, the minister puts all his known attributes behind making this new part of his responsibility his prime function, then I am quite sure that the department of industry can be very valuable. I am quite sure that this will be done. However, unless there is a willingness to give consideration to some of the problems that have been raised there are going to be many years of frustration before this department functions in the way that it should.

I was at the opening of an institution for the training of young people and the retraining of unemployed persons and I was very surprised to hear one of the officials make the startling statement that it is all right to come and represent the federal government and the contribution it is making, but what are we doing about getting the United States to make a contribution? I think we in Canada have made a contribution to the United States in that many of our people who have obtained their technical training and knowledge here have gone to that country because of our inability to maintain the industries we already had, or to establish new ones. One excellent example was our inability to cope with the problem of the technical staffs we had trained for the aircraft industry at the time of the development of the CF-105. At that time we had in Canada some of the best technical advisers and most competent technical people in the aircraft industry anywhere in the world. Yet almost overnight we lost a great percentage of these people because of our inability to take advantage of the knowledge they had.

I believe that this new department is very worth while. It is one that can serve the needs of the people. The charge was made by the Conservatives this afternoon that the department will not function properly because the present government is going into the field of economic planning, and that this will be detrimental. In my opinion the department will succeed if the government does go into the field of economic planning, assesses the situation from the point of view of the benefit to the Canadian people and then makes its economic planning work. We are setting up a council to provide knowledge of what is needed. Now we are setting up a department to make effective use of this knowledge. I believe that the minister should give consideration to having money provided for the department by way of a statutory item

so that there will be money available for the establishment of new industries and particularly pilot industries. If that is done I believe the department can be very successful. Before the bill receives third reading I hope the minister will give consideration to some of these points.

Mr. H. E. Gray (Essex West): Mr. Speaker, in rising to support and urge second reading of this bill I must first comment that I was struck by the theme, the keynote almost, of of the remarks of the hon. member for Perth (Mr. Monteith) who spoke for the opposition. His keynote might be exemplified by the word "frightened". He said he was frightened by a certain clause. He said we had to be very careful about some other part of the bill. This attitude exemplifies the all too well known Conservative approach to the whole problem of industrial development in Canada, and especially the problem of the development of certain areas that have been lagging behind in economic growth and progress.

With this attitude of fear, of overcarefulness if I may call it that, it is no wonder that year after year during the six years of the Tory regime we had a hard core of hundreds of thousands of unemployed. It is no wonder that unemployment averaged over 6 per cent a year. Either they ignored this problem completely and suggested that it did not exist or, if they recognized it, instead of using the approach which we see in the bill before us today, especially the provisions for an area development agency, they used a fragmentary, bits and pieces approach —an order in council here, a special tariff exemption there or the removal of some other exemption in some other place. Instead of settling down and tackling the whole problem as a matter of national policy they were content, as I say, either to ignore its existence on just to nibble around the edges.

I say that it is about time we recognized, as is done in the present bill, that there are areas in all parts of our country that have lagged behind for years in respect of economic development. Because of changing technology and shifts in the national economy and through industries leaving certain areas, we find that there are parts of our country where there is a hard core of thousands of people unemployed year after year. Unfortunately the former government, in spite of ample opportunity and in spite of the fact that this problem was brought very forcibly to their attention by people now on the government side and by representatives from these areas, did little or nothing about it.

The problem of the depressed areas has many serious effects on the municipalities concerned. The municipalities are faced with heavy burdens for relief and social assistance. They are faced with the burden of carrying the indebtedness brought about by having to pay for roads, sidewalks and schools that they built for the benefit of the workers in factories which then decided to move to other areas of our country.

Probably most important of all was and is the human factor, the effect upon people whose jobs, after years of working, have suddenly disappeared, leaving them in communities where there is little or no hope of finding other employment, leaving them with the problem of continuing to pay for homes into which they put their entire savings, leaving them without training to make use of even any new jobs where such jobs exist. Surely, it must be obvious by now, as I know it is when we see this bill presented to this house, that if we can pay the money we do for relief, for unemployment insurance, it is equally sensible to carry out incentive measures through the medium of a body such as the area development agency of this new department of industry, to stimulate industry so as to provide this needed employment in those areas that have been lagging behind the rest of our country.

After all, Mr. Speaker, eight countries of western Europe, and the United States as well, have by now recognized the usefulness of special programs for area development. It is important to recognize, as has been recognized by the presentation of this bill, the need for a broad national policy. The hon. member for Perth (Mr. Monteith) referred to efforts being made in Ontario. Surely, he must recognize that there is a lot more to Canada than Ontario, even though my own community is in one particular corner of it. All provinces are not equally able to act in this field or, for that matter, equally willing to act. The federal government's taxing powers, its fiscal and monetary powers, will be powerful weapons to fight this chronic unemployment that we have had too long, wherever it may be found in our Canadian nation.

In urging second reading of this bill, Mr. Speaker, I suggest that we have to consider this bill as part of a great program to rebuild confederation. There has been a lot of talk inside and outside of this house about the need, as we approach the centenary of the founding of this nation, to do something about the repairing of the tears that have come into its fabric. I think that many others have pointed out that some of these tears, these strains, have come through economic causes. If we are to rebuild confederation, as we must, it is necessary not only to make sure that we have fair treatment for the peoples of both basic cultures of this country,

but also to make sure that we have fair treatment in the economic sense of people from every corner of this nation, whether they be from my own community of Windsor, Elliot Lake, Gaspe or any other part of our country. In this way, we will carry out the essential task before us of rebuilding confederation and thereby being able to celebrate the centenary of the nation in 1967 in the most appropriate way. Mr. Speaker, I urge the prompt second reading and implementation of this bill.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I question the value of that bill, and I am wondering why the government is considering such a measure when we already have the Department of Trade and Commerce. I am most afraid—and we on this side of the house really are afraid —because when we look at section 14 under "General", paragraph (b), this is what we find:

(b) may, with the approval of the governor in council, enter into agreements with the government of any province or any agency thereof for the carrying out of programs for which he is responsible; and—

We are really afraid that the bill is but another way to interfere with provincial jurisdiction in the field of industry. Before it is passed, I think it would be better if the minister were to submit it to the interprovincial conference to be held next fall in Halifax, to make sure that the bill is in keeping with the requirements of the provinces and is not another means of encroaching upon the jurisdiction of the provinces.

The hon. member who before me spoke about confederation, said that there was a certain uneasiness. If that is the case it is due to the fact that bills such as the one we are considering now have been passed and that the government which sits on your right, Mr. Speaker, did not care about the rights of the provinces in establishing all kinds of programs, of joint plans which infringed upon the authority of the provinces. That is the greatest threat to confederation.

We can detect once more in this bill, the hand of the master planner, the hon. member for Outremeont-St. Jean (Mr. Lamontagne). And I say to the house, that the speech from the throne and the budget speech reflected the greatest effort of centralization since confederation and that is a threat of interference in the field of provincial jurisdiction.

I wonder why the minister, who comes from the province of Quebec and who is acquainted with its complaints and those of other provinces, approves the arrogant attitude of the federal government in certain fields which is in fact an interference in provincial fields.

Mr. Speaker, in connection with the establishment of agencies, section 12 provides:

(1) There shall be established an area development agency under the direction of a commissioner for area development, both of whom shall be appointed by the governor in council to hold office during pleasure.

I wonder why it is necessary to establish such an agency when there is already a department of industry in each province. Why attempt to thrust opinions on the provinces through agencies? Let us use the department of industry of each province in order to respect more fully the rights of the provinces.

With regard to the bill now under discussion, I also hope that the personnel employed in that department will be bilingual, that a great part of the employees will be bilingual so that the province of Quebec especially, and other eastern provinces, may benefit from it since there is a lack of secondary industries there at present.

I remember hearing the hon. member for Laurier (Mr. Chevrier) say that a Canadian textile council should be set up. I would like such a council to be set up and to operate in conjunction with the provinces, while respecting their jurisdiction and maintaining good relations, in order to assist industry, not only in the province of Quebec and eastern Ontario, but also in the maritimes.

I am most surprised that the minister has not yet participated in the debate. If he wants to help industry, why does he not convince his colleagues and the cabinet members of the necessity of removing the 11 per cent tax on building materials, to encourage the companies which are interested in establishing plants especially in the underdeveloped areas of the country.

In my opinion, the most practical means to achieve economic expansion and to assist underdeveloped areas would be to remove this 11 per cent tax which would paralyse the economic development of the country. I challenge any member opposite to prove that this tax will not be an impediment to the economic expansion of Canada.

Mr. Speaker, this bill is nothing but a smokescreen. Unfortunately it will be an interference in the jurisdiction of the provinces.

It is a well-known fact that the provinces have needs, especially the province of Quebec which has an exceedingly high rate of unem-

ployment. In fact, Canada has 12,000 more unemployed this month than during the corresponding month last year.

Quebec wishes to set up a steel industry and I would like the minister to assure us that if the provincial authorities submit an official request, the federal government will provide the necessary funds by means of long term loans, if necessary, to enable our province to fulfil its dream and to set up a steel industry which would greatly contribute to the elimination of unemployment and would help the people of Quebec recover their freedom in the economic field.

Mr. Speaker, when the bill was in its resolution stage, I asked whether it would be possible to study the adoption of the metric system. We, on this side of the house would like the minister to tell us of his views on the matter. We remember that the hon. member for Laurier (Mr. Chevrier) has already spoken on that point in the house. There is of course no question, for Canada, of discarding the English system—that is not at all what we have in mind. But we wonder if that system could not perhaps be incorporated in the metric system? In the past, some of our products—particularly machine and precision tools—could not be sold in Europe, and we know that the metric system is used in the world by nine countries out of ten.

Does the Canadian government intend to follow the lead of the United States, of Great Britain, and of nearly all the countries who use the English system? Is it prepared to set, as they have done, a special committee to study the possible adoption of the metric system by all the nations of the earth? Such widespread adoption would enable many of our products to sell abroad.

Mr. Speaker, we will pass the bill before us only on the understanding that the minister give us the assurance that the autonomy of the province is not to be violated, that he will consult the provinces and submit the bill to them.

We are prepared to co-operate with the government. It is said that we hinder the passage of bills, but almost all measures proposed, such as the bill respecting the municipal development and loan board or the present bill under consideration, constitute a perpetual encroachment on spheres reserved for the provinces.

As a matter of fact, I am of the opinion that due to the action of the present government, we will no longer have confederation in 1967; rather we will witness its dismemberment.

And that is why I personally support the position that Mr. Lesage and the other leaders of the province of Quebec have taken, as the federal government is ceaselessly interfering in fields which come under the jurisdiction of the provinces.

(Text):

Mr. D. G. Hahn (Broadview): Mr. Speaker, unlike the hon. member who has just preceded me, I would like to talk about Bill C-74 which deals with the department of industry. This bill proposes establishing a department that is going to be dealing with industry in our country.

I think first of all we must always ask ourselves, in looking at a proposal such as this where we are thinking of the government taking some action with respect to a private segment of the economy, if there is a need for the government to become involved in this type of activity. I think we on this side of the house feel—I know I certainly do—that those things that can be done by industry should be done by industry, without government interference. The government should only become involved if there is a need, if there are problems that industry itself cannot solve.

In the case of our industry now, there is ample evidence that some action by the government is required. Let us look at a few factors in connection with our industry.

First of all, we know that many people in this country depend on industry for their jobs. We also know that we have large-scale unemployment, and that therefore industry has not been able to provide the necessary jobs. This is true despite the fact that last year we had a large scale increase in industrial activity.

We also know that we will have many new people coming into the work force over the next few years, and we are going to have problems as automation releases people from their jobs. So that the situation is not going to get better; it will get worse.

We know as well that our industry must export, and increase its exports, if it is going to expand sufficiently to provide the necessary growth that will ensure the necessary jobs. If we are to export and compete in world markets we know we can only do so on two bases: We either have a unique product to sell, or we have low prices.

What about our industry at present? A large segment of it does not do its own designing. A large segment depends, through licensing arrangements, on designs done outside our country. In addition much of our industry is producing at the relatively low volume levels of our own domestic market, and hence it has the high costs that go with such a volume. A large segment of our industry has therefore neither the unique design

nor the low costs that will enable it to compete successfully in world markets.

We also know that many millions of dollars worth of parts, bits and pieces, are imported by industry for assembly into finished products in this country. A percentage of these could, and should be made in Canada if we are to cut down on our unemployment and provide the requisite number of jobs.

These are problems that exist now, and they are problems that will become even more severe as trends toward freer trade develop. Our industry is having problems providing enough jobs under current conditions. As tariffs come down, and as trade becomes freer, these problems will increase. Our industry has not yet solved the problems that will enable it to compete under these new conditions.

Mr. Clancy: May I ask the hon. member a question?

Mr. Hahn: I prefer to finish my speech first. Industry has not solved these problems by itself, and this I believe is sufficient justification for government help in this field. In fact I feel that if the government does not help in this field it will be negligent in its responsibility to the people of the country.

I believe industry recognizes this, that it welcomes government help, and that it welcomes the establishment of a department of industry. Despite the remarks of the hon. member for Perth (Mr. Monteith), I am sure the Canadian Manufacturers' Association would like to see this department established.

It is not going to be the job of this department—indeed nothing in the bill implies it—to interfere with industry and strangle it with red tape. It is not the purpose of the proposed department, as the hon. member for Timiskaming (Mr. Peters) suggested, to subsidize uneconomic segments of our industry. Neither do I believe it is, nor should it be, the purpose of this department to act as a government consultant or lending bureau for individual companies that have fallen behind the times and have got themselves into trouble.

To me the purpose of the new department is to do two main things, as set out in the bill. First of all, it is the job of the department to learn the facts, to find out what the situation is, and to identify and set up the problems. Having done that, its job is to work out, with industry, solutions to these problems. This task can only be done and the solutions can only be posed once the problems have been identified in specific terms.

The first stage, therefore, must be a detailed industry by industry examination to determine these problems. The hon. member for Perth suggested there would be a blizzard of paper and forms. He suggested that statistics would be compiled and counter compiled, and filed and counterfiled. I believe many of these statistics presently exist, and I think the minister designate, and the persons who will work with him in the new department, will have reasonable powers of logic and normal portions of common sense. I would expect that the industries would be selected on some rational basis. I would imagine there would be some priority in selecting these industries, and that priority presumably would be based on those industries that might yield the greatest returns first.

I would assume, for instance, that such things as total employment in an industry would be one of the criteria, for those industries that have now large scale employment are the ones that offer the most immediate potential gains in future employment. I think another criteria in selecting industries would probably be the volume of imports, because here is the plum that we want to pick; these are the items that, if we can make them here, offer relatively immediate gains in employment. Also, obviously the export potential of an industry would help to determine the order in which it is selected. This industry by industry study, as the minister has stated, has already started with the automobile industry.

The hon. member for Timiskaming (Mr. Peters) has been asking where the money is; why do we not pour in millions of dollars. I do not believe that this department should become a means through which we wind up with socialized industry in this country. I think that wherever possible the solutions to the problems that are posed should be achieved through normal financing channels. This will not always be possible, and if funds are needed for special projects I believe these funds should be appropriated as required. To my mind it is better to ask for the funds and appropriate them as you need them, rather than set up a large sum of money which you then scurry around trying to find ways and means of spending. While on the subject of financing, I would hope that this department would have a close liaison with the industrial development bank so that this agency which is already in existence might be of more help, particularly to some of the smaller industries in the country.

The hon. member for Perth (Mr. Monteith) opposed the idea of the department at the beginning of his speech, but toward the end I believe he recognized, as I am sure other hon. members do, the need for this work, because he suggested, as others have, that it should be carried out through the Department of Trade and Commerce and that this department should be expanded to become

a department of trade and industry. Let us look at the Department of Trade and Commerce. It is now acting to some degree as a sales agency in foreign markets for our farm produce, for the Department of Agriculture, for our forestry products, and our mineral products. It is working in the field of export sales of our oil and gas; it is arranging tariff negotiations of great importance to the large scale development of this country. I think this department as it is now constituted has quite enough to do. I believe that even though the minister is extremely capable, he has enough to do. I think the problems of industry are too important to be tacked on as a tail to this already overburdened department. I believe that the scope of the problems and the need for solution are sufficient to justify and warrant a department on its own to handle them. I therefore urge that second reading be given to this bill.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, at the resolution stage of this bill on June 13, a day which will ever be memorable in the history of this parliament—

Mr. Macdonald: What about April 8?

Mr. Churchill: —I made a few remarks concerning the bill and I expressed the hope that the government would, in the light of those remarks and others made by various hon. members, redraft the bill and put it forward in better shape. But this government has been able to make more mistakes in shorter time, with less difficulty, than any government of which I have ever heard. The only advice they are prepared to accept is that from outside the House of Commons from inexperienced people; hence their errors.

I suggested at the resolution stage that the bill, if drawn on the basis of that resolution, would be presenting to the House of Commons too broad an approach; that there would be no single, specific item that we could select as special part of the bill; that we would have two things here, with no single principle, a department of industry and an area development agency, which in my opinion should have been set up in a separate bill. The government did not accept that advice. We now have before us Bill No. C-74, and what is its principle? There are two things here, the department of industry for one and an area development agency for another. We are faced with the problem of discussing two items which are separate and distinct from each other; and we are faced, if there is a vote on the bill, with accepting both, although hon. members might want to accept one and reject the other.

That is not the only fault of the bill as put before us. When we get to the committee stage and are able to discuss it clause by clause we will point out some of the mistakes in drafting that have occurred in this bill showing that it has been hastily drawn, not well thought out, and that it is one which does not bear the mark of the experienced drafters with whom I was familiar during the time we were in office, and on the treasury benches. The suspicion, naturally, is created that this bill was drafted by people inexperienced in parliamentary procedure; people brought in, perhaps, from the outside and making mistakes in drafting a bill just as they made mistakes in drawing up the budget.

Mr. Teillet: The smear expert.

Mr. Churchill: I mentioned at the resolution stage that there was general agreement in Canada that emphasis should be placed on the development of industry. No one finds any fault with that at all. I quoted from the dominion bureau of statistics Canada Year Book for 1962 a paragraph indicating the development of Canada as an industrial nation. Everyone is seized with the importance of industry. I had intended at that time—and I take the opportunity of doing so now—to point out that, although we hope to gain greater employment through the development of industry, we must not be carried away by any misconceptions with regard to employment based on industry. It is absolutely essential to have industries and to have more of them, but it does not necessarily follow that employment on a large scale results from the multiplication of secondary manufacturing. I wish that were the case; but improved methods of manufacturing and automation seem to have slowed the rate of employment in manufacturing. When you look at page 616 of the Canada Year Book for 1962 you find it gives a summary of manufactures from 1917 to 1960. You find that—I will take two years for comparison —in 1953 there were 38,107 manufacturing establishments in Canada. By 1959, the other year for comparison, the number of manufacturing establishments had declined to 36,193. If we look at the employment factor in 1953, we discover there were 1,327,451 people employed in those manufacturing establishments. In 1959, the number was 1,303,956. It is interesting to note that the productivity factor has been good. The gross value of products increased from almost $18 billions in 1953 to $23 billions in 1959. Thus, improved methods of manufacturing have brought about increased productivity but the employment factor has not shown the great increase which perhaps we all hoped it would.

Similar material is given in the Canada Year Book with regard to the provinces and

with regard to the leading manufacturing industries. It shows a steady growth in the industrialization of Canada but this growth does not reflect the increase in employment for which we might have hoped. Percentage distribution of employed, by industrial groups, shown on page 711, indicates the point I have been stressing. In 1961, of a total number employed of some six million people, 11 per cent were in agriculture, 3 per cent were in other primary industries, 25 per cent in manufacturing, 6.7 per cent in construction, 8.4 per cent in transportation and other utilities, 16.3 per cent in trade, 4 per cent in finance, insurance and real estate, and 25.5 per cent in various services. If we compare with these figures the situation in 1961 we will see that there has been a sharp decline in the total employed in agriculture. In other primary industries, the decline is about 1 per cent. In manufacturing, the percentage has stayed close to 25 per cent as it has done for many years. In the construction industry it has stayed between 6.5 and 7 per cent. Transportation has run around 8 or 8.5 per cent; employment in trade has increased by about 1.5 per cent. But the big increase has occurred in the service industries, employment in which has risen in a period of ten years from 18 per cent of the total employed to 25.5 per cent.

That is the way employment is running in our country at the present time. My criticism of the bill, and of the whole idea, is that the Department of Trade and Commerce, as it is at the present time, is equipped to do all that the proposed department of industry is aiming to do. The hon. member who preceded me said that the department was overlarge and overburdened. May I point out that in the year 1960 there was a reorganization of the Department of Trade and Commerce. Prior to 1959 the department had a deputy minister and two assistant deputy ministers. In 1960, in addition to the deputy minister, two extra assistant deputy ministers were provided and duties were spread among them as follows: One was in charge of trade policy; another was in charge of external trade promotion, and a third was in charge of commodities including the commodities branch, and the agriculture and fisheries branch. Then there was an assistant deputy minister in charge of what was called, and what is still called, domestic commerce. To him four branches were assigned, namely the standards branch, the industrial promotion branch, the small business branch, and the industrial design branch. The whole purpose of appointing an assistant deputy minister to take charge of domestic commerce was that he might meet the important—

I wonder, Mr. Speaker, if I have the floor or whether the hon. member opposite has the floor at this time.

Mr. Nowlan: What about that fellow sitting there with his back to us. Can't he sit down?

Mr. Deputy Speaker: I would ask the cooperation of all hon. members. If hon. gentlemen need to carry on conversations, could they not do it sotto voce, or behind the curtain?

Mr. Churchill: The Minister of Veterans Affairs (Mr. Teillet) and his parliamentary secretary have a great many things to learn about their department. I think they should retire and get on with the job instead of interrupting.

Mr. Teillet: Would the hon. member permit a question. I think that if he has not yet learned that courtesy in this chamber—

Mr. Monteith: Well, get out, then.

Mr. Nowlan: Courtesy. Resign.

Mr. Churchill: I think the Speaker has drawn the attention to the minister of the fact that courtesy is expected in this chamber. When one hon. member has the floor, others who wish to talk generally get out of the chamber. That is what I say to the Minister of Veterans Affairs. He has a lot to learn.

Mr. Knowles: Which is the pot and which is the kettle?

Mr. Churchill: I was drawing attention to the reorganization which took place in the Department of Trade and Commerce for the express purpose of recognizing the importance of industry and of secondary manufacturing in this country. The people engaged in secondary manufacturing came to Ottawa and prior to the appointment of an assistant deputy minister in charge of domestic commerce, as it is called here, they made their visits to the Department of Finance. In those days officials of the Department of Finance familiar with matters pertaining to industry were selected to receive them. In those days, too, officials of the Department of National Revenue were available for consultation and advice but the situation appears to have changed recently. I found that representatives of secondary manufacturing paid their visits to the Department of Trade and Commerce, not solely for the purpose of getting information and assistance or of putting forward ideas with regard to Canada's export trade but also to look for help and guidance in the domestic field and in the industrial development of Canada. It seemed we should have someone to meet the representatives of the manufacturing industries when they came to

Ottawa, hence the appointment of an assistant deputy minister in the Department of Trade and Commerce. If the Department of Trade and Commerce were renamed the department of industry and commerce—because the words "trade" and "commerce" are practically synonymous, the problem which faces us now will be met. Moreover, the emphasis will be placed on industry as, indeed, I agree it should be. The department as now set up is fully qualified to give industry the assistance it needs. That has been proved over the years. It is one of the oldest departments of government, one of the best organized, contains a large number of people who have had vast experience in dealing with industrial problems, and it has a first class group of trade commissioners posted around the world who keep constantly in touch with people engaged in industry here wishing to enter the export market.

To my mind setting up a department of industry at this stage would strike at the Department of Trade and Commerce and weaken it. I regret that the present Minister of Trade and Commerce (Mr. Sharp) has not taken a firm stand on this and held his department together and intact. I do not understand why he permits a slicing away of a very important segment of his department and having it placed under this new department of industry, because there is an integration within that department. Secondary industry is interested in the export field just as are the primary industries, and with our small population of about 19 million we have not the base to enlarge our industrial production as we would wish. Therefore, increasingly the manufacturing industries are looking to the export market in order to get a wider field for their products. Within the Department of Trade and Commerce, with an assistant deputy minister whose sole aim in life is the production of the interests of industry and whose associates are engaged in promoting export trade abroad, are a group of officials able to undertake this task. To set up a separate department of industry strikes, as I say, at one of the very strong departments of government, and in my opinion weakens it, and weakens it unnecessarily.

I know, Mr. Speaker, from the experience which I had with that department, of the close association there is between those who are engaged in secondary manufacturing and those who are interested in export trade. The Department of Trade and Commerce over the last several years has been busily engaged in doing some of the things which the government now proposes shall be done by the department of industry. In one of the clauses of the bill we read that:

The minister shall

(a) cause the department to acquire a detailed knowledge of manufacturing industries in Canada;—

—as if that is something which had not been done in the past, and is opening up a new frontier.

Mr. Teillet: That scares you.

Mr. Churchill: Do I hear again from the Minister of Veterans Affairs? His ignorance is appalling.

Mr. Teillet: From you I expect that.

Mr. Churchill: The government is now starting to acquire through a new department a detailed knowledge of manufacturing industries in Canada. That knowledge has already been in the possession of departments of government, particularly the Department of Trade and Commerce. In that department over the last several years a survey has been conducted with regard to imports coming to this country in an endeavour to classify those articles imported from abroad which could and should be manufactured within this country. That information has now been assembled and transmitted to secondary manufacturers in this country, so the very thing the new department is expected to carry out has already been done. The same clause says that the minister shall—

—promote the establishment, growth, efficiency and improvement of manufacturing industries in Canada—

Mr. Speaker, that is what the Department of Trade and Commerce through that special branch has already been working at. Then—

—to assist the adaptation of manufacturing industries to changing conditions in domestic and export markets—

The Department of Trade and Commerce under the assistant deputy minister of domestic commerce has already been doing that. Then—

—to identify and assist those manufacturing industries that require special measures to develop an unrealized potential or to cope with exceptional problems of adjustments—

That must have been written by an outside adviser. The Department of Trade and Commerce has already been doing that. Then lastly, the same clause says that the minister shall—

—promote the development and use of modern industrial technology in Canada and improve the effectiveness of the participation by the government of Canada in industrial research.

The Department of Trade and Commerce has already been interested in that particular problem. So that here we have the truncating of one of the largest and most important departments of government; the formation of a new department which will have thrust into

its midst, apparently, the Department of Defence Production, and then will have added to that a development agency, diverting it from the task which we would expect it to undertake.

So, Mr. Speaker, on those grounds I suggest that there is still time for the government, fumbling and bumbling and uncertain as it is, to make the corrections to this bill, wipe out the department of industry section of it, rename the Department of Trade and Commerce the department of industry and commerce, strengthen it if you like, and then set up this agency development program to assist those areas in need of special assistance.

I said at the resolution stage, Mr. Speaker, that my experience was that if bills were carefully prepared and carefully drafted there was little difficulty in getting them through the House of Commons, and I have the records for several years which I have studied to indicate that. The House of Commons loses time on other matters, but not on legislation, except in instances where the legislation is badly drafted; and in this instance the legislation has been badly drafted. It was a hurried-up job and we have presented to us now a bill which in many respects is thoroughly unsound.

I suggest that the government take a little time now—they may have 120 days and not just 60 for further plans—to pause and reflect and study the problem again. Do not destroy part of the effectiveness of the Department of Trade and Commerce, which I think is the most serious thing that is going to happen under these circumstances. Because if the government blindly goes ahead and sets up a new department of industry, is it then going to transfer from the Department of Trade and Commerce the people who are working there in the fields about which I have already spoken? Or is the government going to bring in outsiders? There are some temporary appointments to be made apparently—persons having special knowledge to advise the minister. These temporary people called in from outside is a matter we will discuss in committee.

In the Department of Trade and Commerce you have men who have grown up with the problem; people who have been selected after graduation from university, given a course of training and brought into the department. There are many men there who have had years and years of experience and know more about industry in Canada than, I would say, the members in this chamber and most other people in the country. They have a broad view of the whole problem and they know the implications and the changes which are desirable and which should be made. These are the men who also have knowledge of the trading patterns of the world. They are the people who have taken part in the committee discussions internationally, in the trade bargains and arrangements that have been made. These are the men who have been at the conferences at Geneva under GATT. They are the ones who have the knowledge of international trade, the knowledge of the effects of the changes in international trade on the economy of Canada. I think that men of that training and calibre should stay within the department in which they have received their training and to which they have made such a magnificent contribution.

So I suggest that even at this stage the government should reconsider the matter and revise their plan. The revision that I suggest will not destroy the idea at all. I reiterate that everybody in Canada is in favour of emphasizing industrial development and we have no objection to that at all. I do not think there will be serious objection with regard to the other problem of helping certain designated areas where the employment situation may be improved by industrial assistance. Within the presently organized government departments the agencies are there for industrial development. In the Department of Trade and Commerce there are experienced men. A change of name only might be necessary, or alternatively raise the administration of the industry side to the status of a deputy minister and have a deputy minister in charge of industry and a deputy minister in charge of the other facets of the department now known as trade and commerce. That would elevate and give emphasis to industrial development rather than the government creating another portfolio and plucking another minister out of the hat to develop a new department, thus multiplying the bureaucratic controls to which objection has already been taken in the house.

Those are some of my objections, Mr. Speaker, to the way in which this proposal has been put before the House of Commons. I do not object to the proposal but I do object to the way in which it has been presented.

(Translation):

Mr. Rosaire Gendron (Riviere du Loup-Temiscouata): Mr. Speaker, it is for me a pleasure to support Bill C-74 and I believe that all the less favoured areas are going to welcome it with as great a pleasure as I.

In the less developed areas we get the impression sometimes that we are like St. John the Baptist, a voice crying in the wilderness. We clearly felt and particularly under the former administration that there was no echo to our voice.

Establishment of Industry Department

We know of course, as the late President Roosevelt said, that governments act under the pressures put on them and that the news media, the newspapers, which largely represent public opinion are too well centralized, and a car accident will get a bigger headline than 100 people out of work.

We realize, however, that this government forges ahead and I will say that the greatest criticism that could be directed against the federal government is that it is far removed from the less developed and hard to reach areas. But, in view of all the legislative measures presented to the house, it is easy to see that an effort is being made to change the situation and to deal with the problems of the less developed areas by helping them through various programs dealing with decentralization and area development, through tax concessions to industry, winter works, a department of agriculture for eastern Canada and special assistance to the Atlantic region. Finally, we greet today the new department of industry.

One knows that in less developed areas, and especially in those where my constituency is located, industry is faced with serious and particular problems. Industry is a family concern—everyone knows that—and in view of the legacies, succession duties and income tax, of course, it is often hard to get enough money for the current operations as well as for long term investments, to modernize and keep up with fast-changing technology.

On the other hand, the problems that face our regional industry reflect on the industry of municipalities and also result in numerous difficulties for the farming industry because, on the one hand, there is not enough vitality, because we are unable to follow the technical developments and also because of the lack of long term financing facilities for necessary improvements. We do not make enough progress to use manpower available on the market and we see our young people leaving the country for the large centres, thus depriving agriculture of its natural market for its products in depressed areas.

To illustrate those facts, I cannot do any better than read to you an extract of an article by Mr. Lorenzo Pare, former president of the press gallery here, in *L'Action* of March 29; I quote:

> The village closing round the steeple, against a background of mountains along the seashore. A community united through work and virtue. That is how tourists discover our old and picturesque establishments which lend a charm to the lower St. Lawrence. This is the idyllic picture which causes our politicians to be enraptured by the way of life in all those counties. That is the poetry that touches all our hearts, when we are still so near to our origins bound up in the soil, while present hardships make us turn with nostalgia to the past.
>
> The realities of this garden of Eden are, in fact, poverty, destitution, economic stagnation, depopulation and emigration.
>
> Supplier of men who have vitalized our whole province, centre of our large families, this huge area, more than half as large as Belgium, is unable to feed its children at present.

Well, in the past, as a general rule, for the appropriation of funds which might bring about economic development, the preliminary and main condition was the yield of the investment. However, in view of that basic principle, some depressed areas could not always justify the economic yield of investments, while the wealthier municipalities could do so, with the result that we wound up in a vicious circle where those who had plenty were given more, while those who had nothing were given nothing.

I think that throughout its legislation, and more particularly by means of Bill C-74 concerning the establishment of a department of industry, the government is trying to get out of that vicious circle, so that depressed areas would be allowed to develop normally, and all talents which are found there and often feel frustrated would be allowed to play their part in society, and finally the potential natural resources would be developed so as to contribute to the growth of the nation. I think that objective can be met through co-operation with the provinces, municipalities and regional economic development boards.

I think that if the province of Quebec had to depend solely on the hon. members opposite as her champions, there might be some reason for concern, because they helplessly witnessed, in their own government—and they have my sympathy for that—the centralizing of government in the hands of one man, which created a congestion and brought about an almost unequalled exhibition of the art of sitting on a fence.

I think we can quote, since they apply to municipalities, the provinces and the central government, the words spoken by Mr. Kennedy in his inaugural address: "We shall not fear to co-operate; we ought not to co-operate out of fear".

I think we should indicate that we are ready to co-operate, that out first care is to help the unemployed and the underdeveloped areas, because nobody would deny the need for a co-ordinating action in the whole country on the part of the central government, if we really want to have a balanced development from coast to coast, which will give an

equal chance to all the provinces to attain a balanced economy from their large centres to their remotest outposts.

Under the powers mentioned by the bill before us, there is, on the one hand, a provision for research on the problems particular to underdeveloped areas to help them and to co-ordinate efforts within each department to bring about an efficient action which will redress our economy and put an end to the exodus of healthy young people from small centres to large cities.

I think that the legislation before us indicates also, on the part of the government, a desire to decentralize its administration, to bring it nearer to the people, so as to understand its problems better and explain them to the higher levels.

I think that at the less favoured levels, there is a desire to be heard by those at the top, which will have much more serious consequences than we could foresee.

Mr. Speaker, I would like to single out my own district, where we have an unemployment situation of about 30 per cent of the available labour force. At this time, five provincial counties have formed a group, as well as the municipalities. The authorities have imposed a contribution of five cents a head on each citizen of a county and ten cents a head for the citizens of municipalities, to create a local economic guidance council, with a view to studying the possibilities of the communities concerned, and carrying out some plans which would revive their economy. But we knew very well that they could never accomplish such a major task alone without the sympathy and understanding of the upper levels of government.

We also know that the Quebec government to really enable family industry to crack the sound barrier, and to change from family industry to public industry, has created the "Société générale de financement" which will give assistance. But the federal government must also contribute and it is through unity and co-operation in the municipal councils, the county councils, the provinces and the federal government, that we will be able to address our intelligence and efforts to find a way to check the serious ill, that is, unemployment.

Before concluding my remarks, may I say that I am most happy about this bill which is aimed at solving a problem which concerns to the utmost those who have chronic and constant unemployment in their ridings, who understand that unemployment statistics hide extreme hardship. There is also the danger that such hardship may entail enormous social ills, when there are so many opportunities, so much good will, so much skills waiting to be used, so many frustrated ideals and talents which should be given not only the hope but the possibility of solving those problems so that instead of being a burden for, if not a blot on society, they may become important assets contributing to the progress and to the development of the country.

We must have a master research and study plan, but also and concurrently we must have immediate programs to implement. I believe that history will reveal that the challenge offered by the development of the less favoured areas was courageously accepted by the right hon. Prime Minister (Mr. Pearson) and his valiant team.

Let me quote the "vicomte de Meaux":

> When God wants to punish nations, he sends them warriors whose only greatness is measured by the size of their swords, financiers whose only greatness is measured by the depth of their pockets and politicians whose only greatness is measured by the length of their speeches.

I believe that history will show that in 1963, Canada had a Prime Minister who was great by his achievements, by his understanding of problems, by his desire to give back to Canadians pride, hope and confidence in a brilliant future.

And the citizens of less favoured areas will say like Churchill: "Give us the tools and we will finish the job".

(Text):

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, there are many provisions of this bill with which I do not agree. As a matter of fact I am not sure, as I stated earlier in the debate on the resolution, whether or not it would be desirable to set up this new department at all. However, without any reflection whatever on the remarks that have been made by the preceding speaker who, I know, has not made a contribution in this debate on the bill or on the resolution, I think that the greatest service we can render is to pass this motion for second reading and get into the committee stage so that we can—

Some hon. Members: Hear, hear.

Mr. Olson: —ask some direct questions of the minister and get some direct answers. If at that stage the answers are not satisfactory, then we can use our persistence to

prevail upon the ministry to make the necessary changes in line with what we consider would be improvements to the bill.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, this bill that we have before us tonight is aimed at filling a great need in Canada. I take exception to the way the bill is drafted because it appears to provide more government by pigeon hole. It appears to be trying to set up an economic dictatorship. We have to back away from the subject and take a look at the over-all proposition. We must ask ourselves, are we prepared for national socialism, or are we not. If we are not, then I think we should redraft this bill and take a new look at ideas of economic planning. The sweeping powers which the minister would be given if the bill became law would make him the virtual dictator of all businesses in Canada.

If the purpose of the bill were devoted to government planning with a view to advising businesses how best to run their affairs, I would be all in favour of it; but if it is to set up a master crown corporation wherein all businesses large and small, will be dictated to by government of any kind at any level, then I would throw the bill out. I am not prepared for anything like national socialism of any kind.

I believe there is a great need for more investigation and exploration into the natural resources of our country; but as the house well knows, these are largely in the control of the provincial governments and so we would need, as outlined in clause 14(b), the approval of the governor in council to enter into agreements with the various provincial governments. This is not an easy task. I have had some experience in this regard with the Social Credit government of Alberta, and it is difficult even to make contact with them, to have them meet in any friendly way to discuss the over-all problems of developing the natural resources in that fair province.

To suggest that the minister have jurisdiction only over those things which come under federal jurisdiction would restrict us to the development of industry in the Northwest Territories, and although the Northwest Territories are a very important part of Canada, it seems to me it is the over-all development of our natural resources which is required. Probably the best way of accomplishing that is by setting up a board in complete co-operation with the provinces, for our industrial development, and making use of our natural resources.

Of course the bottleneck will be the credit necessary to develop these resources. It has been suggested by one minister that we do not need to set up a large fund for the development of these resources. Therefore we are going to have large plans without anything behind them. Again I say we should drop this idea of government by pigeon hole. What we need is a broad plan for national development where we have the co-operation of all industry.

During the previous administration we placed an official of the Department of Trade and Commerce in the industrial development bank of Canada to try and make the necessary funds available for industrial development. This had a signal success. In round figures it was possible to make available to industries and small businesses just about four times as much money per year as they ever had before. Therefore I think the credit supply is of prime importance. But again, I am against the idea of the government setting up its own credit supply. I would far rather it made the money available to the industrial bank, as in the past, and by working through a board under the direction of the minister this would provide something of an advisory and not a dictatorial nature.

The biggest barrier to full employment is trade, and in this connection I wish to refer to the Gordon report. I do not often refer to it, but at page 60 it says:

> In any case, the benefits to be expected from freer trade are impossible to quantify exactly. They may seem to be reckoned only in pennies, whereas the gains to be had from a successful full employment policy or from rapid technological advance may seem to be reckoned in pounds.

That is a little contradictory, of course; but what he is trying to get at is that it is much better to develop efficient production at home than it is to worry about trying to find freer trade policies abroad. In addition, if we are able to produce better products in Canada, and sell them at world market prices, we will establish full employment without asking trade concessions of any kind. And looking at our position at the moment as that of a young nation hitherto engaged in primary industry, and now putting its neck out into manufacturing industry, we cannot expect industrial Europe or the United States to give us the red carpet treatment. They certainly will not if we go into anything like government subsidies for exports.

I think we have already gone too far with government subsidies for exports in many cases, and the emphasis in this new department, if it is set up, should definitely be placed on efficiency. That efficiency can best come by individual, free enterprise, and not by setting up more crown corporations which

are expensive and unfair to private enterprise. This party, for one, firmly stands behind free enterprise.

In connection with exploration I would like to suggest to the government that much can be done in the way of exploration, even in the Northwest Territories and areas above the Arctic circle. It is high time we set up a full geodetic and mineral survey of all our resources to find out exactly what we have. I suggest there are a good many jobs to be provided by this exploration, and surely it would be better to hire a few thousand men to find out where our roads and railroads to the north should go in order to reach the rich deposits, instead of wasting thousands of miles of roads and rails to reach inferior beds of ore and other natural resources.

I suggest something could also be done in the tax atmosphere. The proposed department should consult freely with the Department of National Revenue to see if something can be done taxwise to encourage enterpreneurs to go into research and development of our own resources. The Department of National Defence might well be consulted. Sometimes we lose sight of the fact that many things like oil and steel are just as important to defence as to anything else, especially when they are turned into fuel for tanks or shells for guns. It might be that the people in charge of defence would recommend more efficient networks of roads and railways to service supplies in time of disruption and war.

I wish to refer once more to the royal commission on Canada's economic prospects, at page 62:

> There will be a temptation to forget that what is being tested is no less than the vigour and resiliency of free societies and that, in such times, the continuance of comparatively inefficient production may be an expensive luxury.

Surely the men who wrote this book and who occupy the treasury benches cannot repudiate this; therefore I would expect them to lean away from socialism. It is the resilience of our modern free society on the North American continent which is under test. I think before we go ahead with this type of planning we should make up our minds on that big question: are we socialists, or are we not? If we are socialists, this kind of planning is going to end up in economic dictatorship, and that would be fatal to our way of life. If this department, when it is set up, is to preserve free enterprise, I think we had better take a good look at this act and make sure that we do not give dictatorial powers to the proposed minister.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I am not anxious to hold up second reading of this bill; the only reason I speak now is that the remarks I make would not be appropriate in committee when we are going over the bill clause by clause. I imagine that the Minister of Defence Production (Mr. Drury) was surprised to hear from the last speaker that he is introducing socialism to Canada. I imagine he sees his new department as a means of strengthening Canadian capitalism rather than performing any other purpose.

There seem to be some misgivings on the part of some opposition speakers with regard to the wisdom of establishing a new department of government. Conservative party speakers have suggested that this could well be part of the Department of Trade and Commerce; that the Department of Trade and Commerce should be renamed the department of trade and industry. They do not question the advisability of establishing an agency of government to assist manufacturing industry, but they do not think there should be a new department. I am not entirely opposed to this idea of a department of trade and industry, but I think the question is rather academic. I am sure the government are determined that they are going to bring in this new department, and we might as well talk to that particular point.

I suppose that in the future this new department will concern itself with the productive manufacturing industries and the Department of Trade and Commerce will confine itself to those industries concerned with distribution and marketing. The hon. member for Winnipeg South Centre (Mr. Churchill) has a fear of what he described as multiplying bureaucratic control. I am not one of those who fear the growth of government; I think modern industrial society requires much more government than the so-called good old days of the past. But I think we should examine each new proposal for a government department or agency carefully, to see whether it is really needed. May I suggest that at the same time as the government is giving birth to this new department they might kill off one which is already in existence. I refer to the Department of Defence Production. I think as such it could be eliminated. I am not referring to the minister being eliminated; just the department. The functions of the staff of the Department of Defence Production could, I think, be taken over by the new department of industry.

I have here the report of the Department of Defence Production for the year 1962, and I note at page 42 that the department has a staff of 1,520. It seems to me that many of these people could be used to do the type

of job which is envisaged for the new department of industry. I note, too, that the Department of Defence Production has a number of branches; the aircraft branch, the armaments branch, the electronics branch, the machine tool branch and the shipbuilding branch. Also, I believe the minister said today they have groups now working with the automobile industry. It seems to me that this basic structure could be used and new branches added for new types of industrial groups; then we could cut down the multiplicity of departments by eliminating one and transferring its functions to the new department and as much as possible use the employees who are already there.

When the minister speaks later I should like to hear from him whether the small business branch of the Department of Trade and Commerce is going to be incorporated in the department of industry. I think this branch has not been given the funds or the staff to do the kind of work it should do. I would be very interested to know whether there is any change contemplated in that direction. Any other questions I have concerning the department, Mr. Speaker, can remain for the committee stage; but I should like to reiterate my suggestion that we should eliminate the Department of Defence Production and have simply one department.

(Translation):

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, coming from a constituency where industry plays a very important part, I cannot miss this opportunity to say a few words about the measure under consideration.

Of course, like all other members of the house, I am deeply concerned to see that our industry and trade keep on developing and any measure or effort that would increase production and, consequently, trade, cannot but be supported without question by one and all.

However, according to some members on the other side of the house who have taken part in the debate, it seems that we should, on this side, adopt all the measures presented, without asking questions and without studying them thoroughly.

Mr. Speaker, you will agree with me that what we heard during the days that immediately followed the budget speech amply warrant our asking questions before giving our support to the different measures which are submitted to us. It would seem that the present government have not given enough consideration to many of the pieces of legislation which they introduce in the house.

I should like to make a few remarks about the statements of both the hon. member for Essex West (Mr. Gray) and the hon. member for Toronto-Broadview (Mr. Hahn). Both said that before introducing this measure, the government should have made sure that there was a need for it. That is what I am asking myself, Mr. Speaker. Is it really necessary to set up a department to increase our trade and to stimulate industry in Canada?

To hear my hon. friends speak, you would think that under the previous government there was general stagnation in this country and that our trade was on the brink of bankruptcy, that it was going down instead of increasing.

However, Mr. Speaker, looking at the figures, we note that under the former Conservative government, foreign trade as well as domestic trade have constantly increased. And to clear up any apprehension or any doubt in the minds of my friends opposite, I will put on *Hansard* a few figures illustrating the rate of development of our trade under the administration of Right Hon. John Diefenbaker's Conservative government.

The figures that I shall quote, Mr. Speaker, are from the December 29, 1962 edition of the review entitled *The Economist*. We can see from those figures that the rate of economic growth has been higher in Canada, in 1962, than in any other country, and the following comparison proves that what I have just said is true. In Canada, the increase has been 8 per cent while in Italy, it was 6.3 per cent; in the United States, it was 5 per cent; in Japan, 4.5 per cent; in Sweden and in Norway, 4 per cent; in Germany, 3.6 per cent; in Belgium, 3.2 per cent; in the Netherlands, 2.5 per cent and in Great Britain, 1 per cent.

All of which goes to show beyond any doubt, Mr. Speaker, that when our friends opposite claim we were leading trade and business in this country to bankruptcy, that is absolutely false.

When one looks at the advance made by the whole Canadian production since 1957, one finds that it has increased by 26.6 per cent. Canadian production, which in 1957 stood at $31.9 billion, had risen in 1962 to $40.4 billion.

As for our exports, Mr. Speaker, for the months of January to October 1957, they amounted to $4,006 million, while for the same period in 1962, they had reached $5,240 million, an increase of 30.8 per cent.

That, Mr. Speaker, certainly had its effect on the labour market because, during the years mentioned, that is from 1957 to 1962, there were half a million more workers than at the time we took office, in 1957.

If this government wants to take measures to encourage further our trade, very well. But I believe that the measure now before us will lead especially to the setting up of a team of technicians and employees of all types, with the result that more importance, more influence and more control will be given to bureaucracy.

I think that we should stop a minute and take a good look at this measure. As for me, I am prepared to co-operate as much as possible so that our workers in the plants, which is our first step towards trade, can have an even more regular work week, based on a greater production.

I am of the opinion that it would be appropriate, if the present government wants to increase our foreign trade in particular, to continue the practice started by the minister of trade and commerce who preceded the one now in charge of that department.

You will recall, Mr. Speaker, that we sent to foreign countries trade missions whose excellent work resulted in a great number of orders for our Canadian industrialists. I feel we should study that possibility further in order to extend that service we had already started.

I will probably have other remarks to make when the measure is to be given further consideration, but for the moment, like my hon. friend from Joliette-L'Assomption-Montcalm (Mr. Pigeon) I wish to point out that the recent measure imposing an 11 per cent tax on construction materials, is liable to hurt greatly the development of our trade. I think I should not miss the opportunity to urge the Minister of Finance (Mr. Gordon) to help his colleague the proposed minister of industry, by removing as soon as possible this tax which will result in unemployment and a higher cost of living.

The present department has a staff with the required qualifications to serve the nation efficiently, especially that sector of our national economy. In my opinion, if we call upon people who have neither the practical experience nor the know-how of our present civil servants who have been working in this field for a large part of their lives, we not only make a mistake, but perhaps also deprive ourselves of the knowledge and experience that those persons can make available to the industry and trade in general.

I shall conclude my remarks by saying that the best thing the present government can do is go on leading our Canadian trade on the road to progress where the previous government had put it, and everybody will surely find it beneficial.

(Text):

Hon. George C. Nowlan (Digby-Annapolis-Kings): We are dealing tonight in this house with an important matter—the creation of a new department of government. Sometimes my memory, going back more years than I like to recall, reminds me of something I learned as a school boy about the burial of Sir John Moore:

> We buried him darkly at dead of night,
> The sods with our bayonets turning.

I am wondering if we are not burying the Department of Trade and Commerce, "the sods with our bayonets turning", without our having a much closer look at the obsequies of this department. I do not think we should allow the department to sink into oblivion over the realm of forgetfulness, without discussing the matter for just a moment or two.

I was particularly interested in this matter, Mr. Speaker, and this afternoon I did some checking into the creation of various departments. I do not know the historical background to this—the Secretary of State (Mr. Pickersgill) has a knowledge of history even greater than mine—but I think when you read through the authorities respecting the ministers of the various departments, the only fact of this character to which you will find reference is the fact that the minister of trade and commerce is to be a member of Her Majesty's privy council. Apparently no other minister, Mr. Speaker, was entitled to that prerogative when that department was first created. I presume this is an inheritance from the year 1867, and we have had some overriding legislation dealing with this in the meantime. But I think the Secretary of State, whose knowledge of history, as I say, is even greater than mine, will be rather intrigued when he looks back through the departments and finds that the minister of trade and commerce shall be a member of Her Majesty's Privy Council.

Mr. Pickersgill: Mr. Speaker, I wonder if I could add to the hon. gentleman's store of current history by saying that there is no intention whatsoever of having a funeral or

anything else for the Department of Trade and Commerce. The only department that is going to be affected directly by this legislation is the Department of Defence Production, which has not quite such a long history.

Mr. Nowlan: Mr. Speaker, I appreciate the reference of the Secretary of State. There have been so many funerals around here in the last few days in departments of other ministers that I certainly appreciate his comments in this regard. But in any event, whether the minister minimizes it or not, I suggest to the house leader, through you, sir, that this legislation which is before us tonight does minimize, and minimize substantially, the area, shall I say the prerogative, which heretofore had been occupied by the minister and the Department of Trade and Commerce. When I say that I am not reflecting in any way at all upon the minister, who I understand from press references and in moving the bill this afternoon would, if parliament sees fit to pass this legislation, become minister of the new department of industry. I can pay my tribute to him. Going back over a good many years, when I was not even a member of the House of Commons, I came to him when he was a deputy minister of a department, and may I say that he was an exceptionally able deputy. I have never forgotten the good advice, suggestions, consultations and conferences which we had. If it is necessary to have a department of industry presided over by a minister, I am quite sure that the man who has been suggested, in other words the Minister of Defence Production (Mr. Drury), could not be bettered. If the proposed minister, the present Minister of Defence Production, and I could sit down in the secret conclaves of my room over a glass of lemon juice, or something of that kind, where we could discuss the organization of this department, my guess is that he would be the first to suggest that there should not be the bifurcation which is now taking place within the department.

Mr. Pickersgill: Did the hon. gentleman say lemon juice or Lemon Hart?

Mr. Nowlan: At this early hour of the evening, Mr. Speaker, I do not know how the hon. gentleman from Newfoundland, whose mind naturally goes to concoctions to which we in Nova Scotia are not addicted, could even think of Lemon Hart; but if he has that in mind, far be it for me to disillusion him, because it is only three minutes to ten and I am sure he would be able to clarify his mind on that situation.

However, I really have a tremendous sympathy for the present Minister of Defence Production under this bill, which we will be discussing further, depending upon the agreements reached between the house leaders, I presume tomorrow morning. All of us in this house remember the way in which he stood up in his place a few days ago, having come back from Washington and told us of the problems with which he had been confronted, how he hoped that we could engage in more sales of defence mechanisms to the United States, how we had to accommodate the Americans by buying more from them. But we were assured by the minister in charge of defence production that there was a reasonable chance that Canada might engage in selling proportionately as much to the Americans; that we might maintain an uneasy balance in view of the balance of payments problems.

Now, in addition to that, the hon. gentleman, who is obviously overworked in trying to accomplish that end, has to concern himself with something about area development, whatever that may mean—and in that matter I would refer him to the way the provinces have dealt with this problem. And then he has to deal with the overriding problem of developing the industrial life of this country. I have heard of superman, but certainly the Minister of Defence Production, if the press reports are right and if he has to deal with these problems with which I have suggested he may be confronted, deserves the prayers and best wishes of all members of the House of Commons.

With that, Mr. Speaker, may I call it ten o'clock?

Some hon. Members: Carried.

Mr. Nowlan: Mr. Speaker, I hear some hon. members saying "carried". We are not at this stage concluding the obsequies of a department which has rendered so much to the service of Canada. May I call it ten o'clock.

BUSINESS OF THE HOUSE

Mr. Churchill: Would the house leader give us some information with regard to future plans?

Mr. Pickersgill: I would be very happy to. I have conferred with hon. gentlemen opposite and I think there is a general disposition to accept a suggestion that was made in fact last Friday, I think by the hon. member for Digby-Annapolis-Kings, that perhaps we

might all benefit by celebrating the 1st of July in some place else than here. I believe there is agreement, which could be recorded and therefore be an order of the house, that we should take the supply motion on Tuesday and Wednesday of next week, instead of on Monday and Tuesday; that it would be understood that if there is an amendment and a subamendment, the vote would come at 9.30 on Tuesday. If there is only an amendment and no subamendment, the vote would come at 9.45, so that the time left on Wednesday would be available for general grievances. It would also be clearly understood that the supply motion would last the whole of Wednesday—that is to say until six o'clock—and that the private members hour would be deferred until a later date in the session. The vote on the main motion would then come at a quarter to six on Wednesday. If there is general agreement in the house to that effect, then I think it might be so ordered.

Mr. Churchill: For the record, Mr. Speaker, we are in agreement with that proposal.

Mr. Thompson: We are happy to agree with this suggestion. I think that in addition to it being good policy as far as we in the house are concerned, it would be good for us to remember Canada day as well.

Mr. Knowles: Mr. Speaker, we are happy to agree, and just to get in something different may I say that we feel it will be good for all the staff.

Mr. Pickersgill: With regard to the business for tomorrow, we will continue with not a funeral but a new birth; and I hope the labour pains will be over quite early tomorrow and that the new department will be born. When that happy event has taken place it is my hope and expectation that the Atlantic development board resolution can be got through. We would not, of course, attempt to go on with the bill, which the rules would not allow us to do anyway; but after that is done we might perhaps make a beginning on the second reading of the bill respecting the economic council. That would probably be enough business to last until five o'clock tomorrow.

Mr. Nowlan: I think that is the understatement of the year.

Mr. Barnett: Perhaps the house leader would tell us whether we should come prepared to wear pink or blue ribbons?

Mr. Pickersgill: As a matter of fact, I would suggest that the ribbons be "red", and the bill as well.

Mr. Deputy Speaker: Is the procedure suggested by the Secretary of State agreed to?

Some hon. Members: Agreed.

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

HOUSE OF COMMONS

Friday, June 28, 1963

The house met at 11 a.m.

LABOUR RELATIONS

VANCOUVER—STEPS TO PREVENT STRIKE OF LONGSHOREMEN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Minister of Labour and ask him what he has to report today regarding the threatened strike of grain handlers in Vancouver. I also ask whether extraordinary efforts will be taken by the Department of Agriculture, in co-operation with the Department of Labour, to bring about a settlement, because the situation will be very serious for the shipment of western grain and the fulfilment of our contracts for the sale of wheat.

Hon. A. J. MacEeachen (Minister of Labour): Mr. Speaker, I would like to advise the right hon. gentleman that the west coast office of the Department of Labour has advised us that the suggestion that there is a strike deadline has now been removed, so the negotiations are not being undertaken presently under the immediate possibility of a strike. With that in mind, both parties are engaging in attempts at negotiation, and I think these negotiations will continue today, Saturday and over the week end, so the situation today is somewhat easier than it was yesterday.

Mr. Diefenbaker: Mr. Speaker, I thank the minister, and I hope everything possible will be done to bring about a settlement. Has there been any postponement as to the deadline, or is the matter remaining in abeyance so far as the fixation of a date is concerned after which the union will not tolerate further postponement?

Mr. MacEachen: I understand that at one point there was an indication that today was the deadline. Whether this has been the result of a misunderstanding I cannot say, but at any rate at present there is no deadline with respect to the possibility of strike action, according to the information I have.

FINANCE

EXTENSION OF APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I would like to address a question to the Minister of Finance and ask him whether all of the items to which the new sales tax will apply have been issued, or are there new items being put in as time goes on?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I think Your Honour made a ruling yesterday in connection with these questions. It seems to me that the time has come when the position indicated by the Minister of Finance yesterday, namely that these matters will be under discussion when the budgetary resolutions are before the house, is the only logical position that can be taken; otherwise the house will be leaving itself open to interminable questions on matters having to do with the budget, which has now been disposed of. I submit to Your Honour, with respect, that this question and similar questions should be reserved for the time when the budgetary resolutions are before the house.

Mr. Knowles: Mr. Speaker, I rise on the point of order—

Mr. Diefenbaker: On the point of order, Mr. Speaker—

Mr. Olson: Mr. Speaker, there is a great deal of confusion, according to news reports which have come to us today, and the list of items to which the new tax will be applicable is not clear. All I asked was whether the complete list has now been issued, so that all the people involved will know to what the tax is going to be applied or whether new items will be coming to light as time goes by.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I cannot think of anything that is more urgent than questions in this regard. We do not know when the budget resolutions are coming before us, and the disruptive effects that are felt on every hand in the economy in consequence of the uncertainty of the government's measures in this regard cannot be resolved in any way excepting through questions. I suggest, sir,

that while normally one does not want a debate, and should not have a debate on these matters on the orders of the day, this however is a situation where the economy of Canada is being undermined in consequence of uncertainty.

The question asked by the hon. gentleman is, are you making changes; have amendments taken place; what are the new commodities that are being exempted from the sales tax? Surely the minister would be in a position to answer that question without there being anything in the nature of a debate, which I for one would not want to see and in respect of which Your Honour has spoken with such definiteness and with which the house should be in general agreement.

Mr. Martineau: Mr. Speaker, just a word on the point of order—

Mr. Speaker: I am sorry; the hon. member for Winnipeg North Centre.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to comment on the point of order raised by the Minister of Justice. I do so because this is not the first time this point of order has been raised, and because I think it is a very serious and very important one.

In the last two or three days it has been contended by the Secretary of State and by the Minister of Justice that it is out of order for us to ask questions that conceivably we could ask when we get to the discussion of the budget resolutions, because the budget resolutions are set down as an order of the day. The two ministers mentioned have made reference to the fact that it is supposedly a rule of this house that we cannot on orders of the day ask questions that anticipate an order of the day. I submit, Mr. Speaker, that this is a very important point and that it should be cleared up.

Obviously, if this dictum were to prevail, that hon. members could not ask questions that anticipate something that is set down as an order of the day somewhere on the order paper, we could soon get into the situation where we could not ask a single question, because once we get the estimates, legislation and the budget on the order paper everything is there and we would be blocked from asking anything.

I recognize that the reason the Secretary of State, the Minister of Justice and others try to make this point is that there is a phrase in Beauchesne's citation 171 (v) which reads, if I may put the prefix with it:

A question oral or written must not:

(v) anticipate an Order of the Day or other matters.

We are governed in this house by the rules, by the standing orders, that we have made.

[Mr. Diefenbaker.]

Beauchesne's Parliamentary Rules and Forms is not a rule book. It is a guide book containing many instances of things out of the past, a compilation of decisions and announcements which have been made. When we find an item such as this—

A question oral or written must not anticipate an Order of the Day or other matters.

—we should look to see where Dr. Beauchesne got it. He helps us, because right after it, on page 148 of the fourth edition, there is in parenthesis a notation, M. 242. This refers us, if we take the trouble to look it up, to page 242 of Erskine May's thirteenth edition. If we look at that page we find that Dr. Beauchesne has reduced a sentence to a phrase, and I submit that in doing so he has done violence to the original sentence in May. May said discussion in anticipation upon an order of the day—and by the way, in May "order of the day" is in small letters while in Beauchesne it is capitalized, which makes quite a difference—by way of a question is not permitted.

This is the point I wish to make. There is a great deal of difference between being told we cannot ask a question that relates to something which is on the order paper, which is what Beauchesne seems to say and what the Secretary of State seems to say, and being told by May that we cannot, on the orders of the day, develop a discussion or a debate on something which is set down as an order for the day.

If one is to understand what is behind all this, he must go further. On page 242 of May's thirteenth edition, where appears the sentence I have just quoted—

Discussion in anticipation upon an order of the day or other matter by means of a question is not permitted.

—is a small figure 8 referring to a footnote at the bottom of the page. The next thing to do is to find out what is in that footnote. Well, it refers one to a couple of volumes of the *Hansard* of the United Kingdom House of Commons. There are, in fact, three incidents which come to light on following up the footnote in Beauchesne. Two of them happened in 1876 and one in 1896 in the House of Commons at Westminster.

I have read those *Hansards* to see what those incidents were. In each case a member of the House of Commons at Westminster, according to the rules and forms they have there, had filed a motion for a debate to take place later that day—the debate they have, for example, on the adjournment. Let me repeat; in each of these three cases a member of the United Kingdom House of Commons had filed a motion for a debate to take place later that day, and in each of these cases the very member who had filed such a notice

tried to anticipate the debate he was going to get, in a couple of cases on the adjournment, by asking a question.

One of the cases before the house at Westminster was a motion to set aside the adjournment rule to make such a debate possible. The Speaker pointed out that the motion was to be decided without amendment or debate. Once it had been decided the hon. member would get his debate, so he should not get a debate in anticipation. These are three specific cases, in each of which the Speaker of the House of Commons said "You"—the hon. member trying to do this today—"have no right to do this now because you are anticipating something you are going to get later in the day".

The Speaker in the British House of Commons did not lay down a general rule that for all time there were to be no questions on orders of the day which would anticipate matters on the order paper. There is no such rule in the British house, just as there is no such rule here.

In my view the Speaker of the British House of Commons was perfectly correct in admonishing the members concerned, twice in 1876 and once in 1896; but having regard to what May said on page 242, compressed by Beauchesne into the words which appear in citation 171(v) of his fourth edition, for the Secretary of State and the Minister of Justice to argue that because something is on the order paper—we may not discuss the budget resolutions until fall—we have no right to ask questions about it on orders of the day seems to me quite wrong.

Mr. Pickersgill: I am sure the hon. gentlemen would not want to misrepresent my argument. I never said any such thing. I said that questions which anticipated a debate were out of order. I did not say that you could not ask a question about something on the order paper, and I would prefer that the hon. gentleman dealt with the argument I made.

Mr. Knowles: I certainly do not want to do any injustice to the argument of the Secretary of State, but I understood he was relying on citation 171(v) of Beauchesne which says that it is out of order to anticipate an order of the day by asking a question. I am submitting that the house is being misled somewhat by the contraction that Dr. Beauchesne has made of May, and that the house cannot understand this matter unless it goes back to the sources and finds out where it all came from.

I repeat that if it were the rule that we cannot ask about something which is an order of the day, on some future occasion we could be barred from asking any questions at all. I quite recognize that when we ask questions about the budget which seek to get the government to disclose a change of policy we are skating on thin ice. Perhaps oppositions do this, and maybe the Liberals did it when they were in opposition. But surely the kind of question that the hon. member for Medicine Hat is asking is not in that field at all. If I may say so, it is awfully close to a question notice of which I sent to the Minister of Finance this morning. I indicated that I would ask him about a matter about which the country is concerned and wants to know, namely how far this 11 per cent sales tax is being extended. Likewise, all the hon. member is asking is that we be told what is the situation. His question does not infringe on matters of policy; it is seeking information which it is urgent that the people of Canada know at this time. We will not get the chance to debate the matter for a long time, and the assertion of the government that there is a rule which says we cannot do this is contrary to the traditions and practices both of the House of Commons at Westminster and our House of Commons in Canada.

Mr. Speaker: I thank the hon. member for his interesting comments. While he is dealing with the matter would he care to comment also upon citation 171(w) of Beauchesne, where it says that a question oral or written must not—

> —raise a matter of policy too large to be dealt with in the limits of an answer to a question.

Mr. Knowles: I would be glad to comment on that. I should like to comment again after I have looked up Campion, page 128, to which citation 171(w) of Beauchesne refers. But may I point out that the question which the hon. member for Medicine Hat asked, like the question notice of which I sent the Minister of Finance, does not ask about matters of policy. These questions simply ask for information as to the present situation with regard to the extension of the sales tax. We want to know the facts; we are not asking about matters of policy.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, on the point of order, a few days ago you ruled that questions asked on orders of the day must result from a situation which has developed within the 24 hours of the time at which they are asked, or within a very short period. I submit that is exactly what we are doing. It is true that broadly speaking the question refers to a matter that has been discussed throughout the budget debate, but the information that is sought is precise information with regard to a situation existing throughout the country outside this house and which has developed

within the last few hours. That is why it has become urgent to ask a question of the minister concerned on the precise and definite matter that has arisen within the last 24 hours. Therefore it would not be right to make a general ruling discarding all questions of that sort because of the very fluidity of the situation and the changes that are taking place.

Mr. Chevrier: Mr. Speaker, there seems to be two points that have arisen in connection with the point of order. The first has to do with the urgency of questions, as submitted to the house by the Leader of the Opposition. On that point I should like to say what has been said more than once in the house, namely that if the questions are urgent surely there has been an opportunity to deal with that urgency over the last week or ten days, when all sorts of questions have arisen and have been asked of the government and more particularly of the Minister of Finance and answered by him.

With respect to the point raised by the hon. member for Winnipeg North Centre I should like to say to him, with respect, that he has overstated his case. I say that because the rule, as you have pointed out repeatedly, Mr. Speaker, laid down in citation 171 (v) is quite clear, namely that a question oral or written must not anticipate an order of the day or other matters. It is true that my hon. friend has attempted by referring to May, page 242, to explain at great length that that was not the meaning of the citation as outlined in 171 (v) of Beauchesne. However, if one looks a little further in Beauchesne one will find that in citation 173 (1) the answer is to be found to the argument made by the hon. member, and I should like to put it on the record. Citation 173 (1) of Beauchesne reads as follows:

> On the Orders of the Day being called, members may ask members of the government to explain certain matters in accordance with practice, but it it not done under the authority of a standing order and therefore such questions may be either permitted or disallowed by the Speaker who must judge each case on its merits. The practice has been so long and so regularly in the house that, if not impossible, in my opinion, it would be inadvisable to stop it.

It seems to me, sir, that this is the answer to the question which has been raised, and it seems to me also that this is the ruling which was made on a previous occasion. Under the circumstances it would strike me that the questions, even though they would appear to hon. members to be urgent because of circumstances which change from day to day, cannot be anticipated until such time as the resolutions are before the house. I submit with respect, sir, that this is the manner in which this question should be disposed of.

[Mr. Martineau.]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, on the same point of order I should like to support the case put forward by the hon. member for Winnipeg North Centre. I pursued the same course of inquiry and followed the references right back to 1876, and the case as stated by the hon. member for Winnipeg North Centre represents the situation as set out in the reference books. I think he is perfectly correct in drawing attention to the fact that Beauchesne in citation 171(v) has incorrectly capitalized the words "Order of the Day" and has thereby caused a misunderstanding of this particular problem. I also agree with the hon. member for Winnipeg North Centre that the Minister of Justice and Secretary of State have attempted to read into that citation in Beauchesne something which is not there. As a matter of fact, on page 1628 of *Hansard* the Secretary of State is recorded as saying this:

> I think it is a rule of the house that questions are not to be put on the orders of the day about matters which are set down on the order paper for the consideration of the house.

As the hon. member for Winnipeg North Centre very properly pointed out, the order paper could embrace all subjects that conceivably could be brought before the House of Commons. Then, if this were accepted as the rule, we would be prohibited from asking questions on those subjects. We would be accused then of anticipating a debate which might be postponed for six months.

In order to complete the record I might indicate that the reference in Beauchesne to May's thirteenth edition can be found in May's sixteenth edition on page 359, and the subnote on that page is the same as the one in the thirteenth edition.

Now, Mr. Speaker, I consider that this is a very important matter which must be decided by your ruling, after you have had a chance to give careful consideration to it. May I point out that the other day when the Leader of the Opposition raised a point of order you dismissed it on the basis that he was relying on a rather ancient precedent which had been established in the House of Commons. I recall my own experience in June, 1956, when I raised a point of order and the Speaker dismissed it because he said it was archaic since it dated back to 1885. The one upon which Your Honour is relying, if you accept Beauchesne, dates back to 1876. As the hon. member for Winnipeg North Centre points out, it has not been a rule of this house.

Mr. R. N. Thompson (Red Deer): If I may speak further to this matter, I should like to refer specifically to citation 178 in Beauchesne. This citation states that questions

addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament or to any matter of administration for which the minister is responsible. It seems to me, in the light of this statement, that the question which the hon. member for Medicine Hat is seeking to ask is completely in order.

The urgency of this matter today is simply the fact that apparently there was not a full disclosure made by the Minister of Finance, and it is on this that the hon. member for Medicine Hat is seeking information. In my opinion, therefore, the question is completely in order and we should have an answer to it because there is a matter of national emergency involved.

Mr. G. W. Baldwin (Peace River): The honourable and learned members for Winnipeg South Centre and Winnipeg North Centre have dealt adequately with the first aspect of this proposition. I should like to deal with the matter last raised by the Minister of Justice, when he referred to citation 173. I think this is very strong ground upon which we can stand. Each case must be considered on its merits. I suggest to Your Honour that if this rule be strictly applied, you should find these questions are in order.

Here we have a situation, sir, where a budget having been brought down and resolutions filed, we find on one particular occasion that there is a withdrawal of one of the budget resolutions, and at a later date we find the Minister of National Revenue making a statement which has the effect of varying another budget resolution. Surely Your Honour can take judicial notice of the fact that the newspapers are full of alarms and excursions about the extent to which there may be further withdrawals. Consequently, judging this case on its merits, it seems to me there is in it this very necessary urgency and desire on the part of the opposition, namely the opportunity to ask and obtain answers to these questions in order that the people of this country may receive information.

Mr. Knowles: Mr. Speaker—

Mr. Speaker: Unless it is really a major contribution, I am prepared to rule.

Mr. Knowles: Since I am on my feet, perhaps I may be allowed to make a brief point. It is clear that May referred to an instance in Britain where it was an order on that particular day, and even Beauchesne is talking about anticipating an order of the day that is now before us. The budget resolutions are not an order of this day, and I submit questions of this kind should be allowed.

Mr. Speaker: I should like to thank all hon. members for their helpful suggestions and opinions and off the cuff interpretations, particularly the hon. member for Winnipeg North Centre and the right hon. Leader of the Opposition. They have made very useful contributions.

During the last few days I have recognized the great importance of these questions and, keeping that in mind, have permitted quite a few questions on this particular sales tax matter. Hon. members will have noticed that many questions have been asked. Some may or may not have been answered, but at least they have been permitted during the last few days precisely because this is a matter of great importance and certainly of great interest affecting the country. For that reason I have been trying to lean over backward to accommodate members asking that type of question, even though one has serious doubts about whether it should be allowed. The reason, of course, is that these are urgent and important questions and, to that extent, have been permitted in a rather casual way.

On the other hand, the right hon. Leader of the Opposition made the point that during the question period we should not enter into a debate, and that is a very good point to make. He could also have said, and if he does not say so I will, that we should not anticipate debate. However, the rules provide that a minister may decline to answer or he may give the kind of answer which he, in his capacity as minister, deems to be proper. I doubt if the Chair should take all the onus of responsibility for repressing all questions of this type, especially in connection with this important and interesting matter, provided the questions are brief and to the point.

As I have said, we have permitted some of these questions during the last few days, so this morning I think it is only right that I should permit one question. If the minister wishes to answer, that is fine. If he does not wish to answer, he is not obliged to do so under the rules. This is the position I take at the moment.

Mr. Olson: Am I to take it that I should repeat my question?

Some hon. Members: Yes.

Mr. Olson: I should like to address this question to the Minister of Finance. Has a statement been issued—really that is not the point, whether a statement has been issued—or have all the items to which the new sales tax will apply be included or have new items been added as time has passed?

Hon. Walter L. Gordon (Minister of Finance): Nothing new has been added, Mr. Speaker.

Mr. Knowles: May I ask a supplementary question. Can the minister indicate to the house the industries to which the extension of the sales tax will apply?

Mr. Gordon: Mr. Speaker, I believe the resolution is quite clear on this point. It does not spell out each individual industry because that cannot be done, but I would refer the hon. member to the resolution, and I think the intention is clear in it.

Mr. Diefenbaker: In that connection possibly I could get some information this way. Yesterday the Minister of Finance met with the Canadian Construction Association, according to my reading of the press. Will he tell the house what representations were made by that association and what his reply was to their request?

Some hon. Members: Order.

Mr. Diefenbaker: Order?

Mr. Martin (Essex East): An absolutely improper question.

Mr. Diefenbaker: I do not know what the point of order is. I am simply asking what representations were made by the—

Mr. Chevrier: You are making a speech.

Mr. Diefenbaker: —by the Canadian Construction Association, and what reply did the minister give to their complaints that the imposition of this tax will be tremendously detrimental to the economy of the country?

Mr. Gordon: Mr. Speaker, I received representations from the Canadian Construction Association. I think they were published in the newspapers, and naturally I said I would consider them.

Mr. Thompson: A supplementary question, Mr. Speaker. In questioning the Minister of Finance further in this regard, there is general confusion overtaking not just the building and construction industry but our whole economy—

Mr. Speaker: Would you come to the question, please? You are offering comment and opinion.

Mr. Thompson: All right; I am doing that, Mr. Speaker. The tax covers a wider range of goods than was originally anticipated, and does the minister plan to issue a statement that will cover these non-anticipated industries that are related to this 11 per cent tax, in order to give at least some assurance to the economy so that it may know where the tax is going to apply?

Mr. Gordon: I do not think I have anything to add, Mr. Speaker.

Mr. Fisher: Mr. Speaker, I would like to ask a supplementary question.

[Mr. Gordon.]

Mr. Speaker: On the same point?

Mr. D. M. Fisher (Port Arthur): Yes. While the question was restricted to the construction association, I would like to know whether the minister has received representations from the graphic arts association or from the Canadian newspaper publishers with regard to how the tax may affect them, and whether he was able to give them any reply that was satisfactory.

Mr. Gordon: I have received representations, Mr. Speaker, and to the best of my knowledge they have all been dealt with.

Mr. R. Gordon L. Fairweather (Royal): I have a supplementary question, Mr. Speaker. The government of New Brunswick has called tenders for a new teachers college estimated to cost $5 million. Will the minister consider exempting the construction of educational facilities from the 11 per cent sales tax on building materials?

Mr. Speaker: This is a matter of policy, and I do not think the question is in order.

[*Later:*]

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of the statement in the June 29 issue of the *Financial Post* that $100 million in construction projects will be cancelled across Canada because of the 11 per cent sales tax on building materials, would the minister inform the house what the government proposes to do to take care of those who will be unemployed as a result of this action?

Mr. Speaker: Order. This question is out of order.

[*Later:*]

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I wish to direct a question to the Acting Prime Minister. Last Tuesday I asked the Prime Minister a question and he said he would look into the matter. I am wondering whether the Acting Prime Minister has the answer to the question now, which was: have representations been received from the province of British Columbia concerning the effect of the 11 per cent sales tax on the Peace river project? If the minister cannot answer this question, perhaps the Secretary of State has been in communication with the province.

Mr. Chevrier (Acting Prime Minister): Mr. Speaker, I am afraid I will have to look into that question. It has not been brought to my attention, though perhaps I should have known about it. I will do that just as quickly as I can.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Secretary of State for External Affairs. I ask it because of his interest in this particular field in the past. Has the minister's attention been drawn to the fact that car manufacturers are contemplating increasing the price of cars as a result of the 11 per cent tax on production machinery, which will have an effect on sales and employment in industry?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am sure the hon. gentleman recognizes, as you certainly do, sir, the impropriety of this question.

Some hon. Members: Oh, oh.

[*Later:*]

Mr. Harold E. Winch (Vancouver East): I wish to address a question to the Minister of National Revenue and ask him if he is in a position to confirm that contractors and subcontractors who had firm contracts prior to June 14 and who now have to pay 11 per cent sales tax, but who cannot recover this amount from those with whom they have contracts, will be given a refund within 30 days.

Hon. J. R. Garland (Minister of National Revenue): In view of the detail which the hon. member is seeking, perhaps I could take the question as notice.

Mr. David Orlikow (Winnipeg North): I have a supplementary question which perhaps the minister could also take as notice. Is it necessary that there be a contract signed prior to June 14 before the rebate can be given? I understand some builders have had bids accepted but no contract signed.

Mr. Garland: All I can do is give an interpretation of the regulation as it stands, and what is called for is a signed contract.

Mr. Orlikow: I wonder if the minister has given consideration to the fact that a large number of builders may have put up bid bonds which they would have to forfeit?

Mr. Garland: I can say I have given consideration to a great many things.

POWER

COLUMBIA RIVER—REPORTED STATEMENT BY NORTHERN AFFAIRS MINISTER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Acting Prime Minister. It is an entirely new aspect of a question I have raised on a few previous occasions. Has the Acting Prime Minister's attention been drawn to an article in the *Financial Post* of June 29 entitled "B.C. Liberals Wonder, Premier Just Smiles: Columbia Talks Stall?" in which the experienced and practical Minister of Northern Affairs and National Resources is reported as making some sententious and prophetic observations relating to the Columbia river treaty issue and will the Acting Prime Minister inform the house whether these zymotic observations represent a commixture of his minister's ideas on this question?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I am very grateful to the hon. member for having sent me notice of his intention to ask this question. I am afraid I cannot agree with the hon. member's statement that the observations were either sententious, prophetic or zymotic. I have read the article which appeared in the *Financial Post,* which the hon. member was good enough to send to me, and I would rather not comment on the observations contained in it because I am afraid they are statements that have been taken out of context. I think the minister of northern affairs was simply trying to say that until the agreement between Canada and the province of British Columbia had been completed it was not possible to consider the treaty with the United States.

(Translation):

EXTERNAL AFFAIRS

REPORTED REFERENCE TO FRENCH LANGUAGE BY CONSUL AT LOS ANGELES

On the orders of the day:

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, following the unfortunate statement made in Los Angeles by the Canadian consul general, who was speaking at an official dinner of the French Canadian club. He is reported to have said, at the beginning of his speech, that he was sorry he could not speak the "patois" and, therefore, would speak in English.

Can the minister tell us if he intends to reprimand that official publicly to prevent a recurrence of that incident and to ensure that the French language is respected by all Canadians, especially Canada's representatives abroad?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I would like first of all to read the speech in question and then I might have a reply ready as early as next week.

Mr. Gerard Laprise (Chapleau): Mr. Speaker, the question I was going to ask the Secretary of State for External Affairs has just been asked.

Inquiries of the Ministry

NORTHERN AFFAIRS

QUEBEC—ADMINISTRATION OF ESKIMO AFFAIRS

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Minister of Citizenship and Immigration.

With reference to a meeting which took place recently between Mr. Levesque, the Minister of Citizenship and Immigration and the Minister of Northern Affairs and National Resources, I would like to know whether the federal government intends to give back definitely the administration of the affairs concerning the Eskimos of new Quebec to the government of that province? Could he give us a summary of the discussions which took place?

Hon. Guy Favreau (Minister of Citizenship and Immigration): I thank the hon. member for Joliette-L'Assomption-Montcalm for sending me earlier the text of his question. In answer to the second part, I must say that obviously this is a question of government policy and that a decision will be announced in due course.

As for what happened at the meeting, I am pleased to report that in Ottawa yesterday took place a frank exchange of opinions and a friendly extensive discussion of more than two hours and a half between the Quebec representatives and those of the federal government during which, in the general context of the new problem—created by the growth and development of the Canadian north—we have looked into the conditions which should be made to Eskimos.

It was comforting to note to what extent the two parties seemed to realize in this connection the interdependence of the federal and provincial powers. I can assure my hon. friend that, as regards the discharge of constitutional responsibilities toward the Eskimos, the federal government will leave no stone unturned to protect their interests.

As soon as the two parties have reached an agreement I will advise the house accordingly.

Mr. Pigeon: Mr. Speaker, may I put a very brief supplementary question to the minister? Could he tell the house whether further meetings will be held in this connection between the ministers of the Quebec government and those of the federal government?

Mr. Favreau: Yes, Mr. Speaker. As a matter of fact, the officials of both governments have been asked to prepare a joint report within 15 days, and as soon as the briefs of each delegation have been received and considered, we will convene a meeting, if necessary.

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, may I direct a supplementary question to the minister? Following his meeting with the provincial minister, Mr. Levesque, the Minister of Citizenship and Immigration stated in his release that certain conditions had to be determined before an agreement could be reached. Is he in a position to tell the house what are those conditions?

Mr. Favreau: Mr. Speaker, perhaps there is a misunderstanding in this regard. I do not feel I am in a position to inform the house now, since we are only at the negotiation stage, but what was meant in our joint statement is that by taking for granted that a solution should be agreed upon, it is obvious that this will not be possible until certain conditions have been checked, and that is precisely the purpose of the report we have asked our respective officials to submit.

(Text):

Mr. G. W. Baldwin (Peace River): I have a further supplementary question, Mr. Speaker. If any such agreement is reached, will it be submitted to parliament?

(Translation):

Mr. Favreau: In my opinion, the question of the hon. member is a hypothetical one. On the other hand, if we come to an agreement, the question whether it should be submitted to parliament will be considered, so that the privileges of parliament will not be violated.

(Text):

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES FOR CERTAIN CLASSES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of Finance which I do not think is related to the budget in any way. When will the minister make an announcement concerning the pay of letter carriers, hospital orderlies and people in similar pay categories?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I have held meetings with the staff associations and the civil service commission, and I hope to be able to give the house a further report on this matter in the near future.

(Translation):

DOMINION-PROVINCIAL RELATIONS

STATEMENT BY MEMBER FOR ÎLES-DE-LA-MADELEINE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to address a question to the Minister of Justice. Could he inform the house whether the hon. member for Îles-de-la-Madeleine (Mr. Sauve) was speaking on behalf of the federal government when he stated in Toronto, as can be seen in a press report, that the proposals now under consideration would grant to Quebec tax returns demanded by Mr. Lesage as well as jurisdiction in the field of social services, the cost of which is equal to the fiscal reimbursements demanded in the name of autonomy?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I doubt very much that a statement by an hon. member can be the subject of questions and of comments from the government and this, during the question period.

However, there is no doubt that the hon. member was speaking for himself and knew what it was all about. No doubt he spoke authoritatively in the circumstances, but I must add that the hon. member was not speaking on behalf of the government.

(Text):

AGRICULTURE

REPORTED STATEMENT RESPECTING ADDITIONAL MINISTER

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, yesterday I raised a very serious matter concerning the privileges of this house when I asked the Acting Prime Minister about the statement in the Winnipeg *Tribune* to the effect that a minister of the crown had said that a certain matter had not been discussed in cabinet—that was a direct quotation—yet it was on the order paper. I would like to ask the Acting Prime Minister now whether he has been able to contact the Minister of Agriculture and find out whether this report is true.

Hon. Lionel Chevrier (Acting Prime Minister): I have not been able to contact the Minister of Agriculture, Mr. Speaker.

Mr. Churchill: Where is he?

Mr. Chevrier: I did not think, in view of the question—which I considered a serious one—it was necessary to do that, and I think the answer I gave at the time is complete, having regard to the circumstances as I understand them.

Inquiries of the Ministry

Mr. Hamilton: Then my supplementary question is this, Mr. Speaker. In the answer of the Acting Prime Minister he said:

I am sure there must be some misunderstanding.

What is this misunderstanding? Is it the Minister of Agriculture who misunderstands, or is it a misunderstanding that exists between the reporter and the Minister of Agriculture, or is there some deeper misunderstanding here in Ottawa? This is what I would like to get at.

Mr. Chevrier: It may well be that the misunderstanding is between the hon. member and the reporter, Mr. Speaker. In any event I do not think it is up to me as a minister of the crown to explain any misunderstanding. I think I should tell the hon. member that if there is an explanation to be given, I will give it in due course. At the moment I do not think there is a necessity to give one.

(Translation):

SUBSIDY ON MILK USED IN CHEESE MANUFACTURE

On the orders of the day:

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I should like to direct a question to the Minister without Portfolio. Has he received representations from the U.C.C. concerning the extension of the subsidy of 30 cents per hundred pounds for the milk used in the fabrication of all kinds of whole milk cheese and concerning also the application of the export subsidy which used to be 4 cents and which is now 3 cents to the cheese shipped everywhere in the world? If so, would he consider the adoption of measures which would favour immediately thousands of farmers whose income from milk is less than last year?

Hon. Rene Tremblay (Minister without Portfolio): No, Mr. Speaker.

(Text):

TRANSPORT

RAILWAY BRANCH LINES—INQUIRY AS TO REPRESENTATIONS AND LEGISLATION

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Transport. What further action does the minister contemplate taking in order to get the views of the people affected prior to the introduction of legislation in connection with rail line abandonment; and when can we expect this legislation?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, we have had delegations from the different provinces and meetings

have taken place. We are also expecting further representations from the province from which the hon. member comes. The legislation, when it comes forward, will not be limited to the subject of rail line abandonment. It will be legislation based on several of the recommendations contained in the MacPherson royal commission report, and rail line abandonment will be only one of the elements involved.

As to when the legislation will be brought forward, I cannot at this stage of the session give the precise date, as I think hon. members will appreciate; but it is hoped to bring it forward later this session. An opportunity will be provided for the other provinces, as well as my hon. friend's, to make representations. As a matter of fact I think some appointments have already been arranged.

LABOUR CONDITIONS

PROVISION OF EMPLOYMENT FOR EMPLOYEES OF URANIUM MINES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Acting Prime Minister. Yesterday the hon. gentleman announced government assistance to the uranium mines in the Elliot Lake and Bancroft areas. I would like to ask him again whether similar assistance will be forthcoming for the uranium mines in the Beaverlodge and Uranium City areas of Saskatchewan.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I think there are several categories of mines that may or may not be affected by conditions. The first are those whose operations are not economic and which I understand will run out in due course. The next are those whose economic operations have continuing business and need not be helped out, such as the mine in Eldorado, to which I presume my hon. friend has reference. I understand that in this case there is no difficulty in the immediate future. Finally there are the mines affected by the plan which was announced by the Prime Minister, which are economic but whose business will run out shortly. It was the intention of the government to come to the assistance of those particular mines because of the situation regarding unemployment in which they would be placed.

Mr. Douglas: I have a supplementary question, Mr. Speaker. Eldorado is only one of the mines in the Uranium City and Beaverlodge areas; there are other mines in operation there, one of them being quite large, which will have similar problems in regard to stockpiling. Is it the government's intention to make this assistance available to them on the same basis as it is being made available to mines in Bancroft and Elliot Lake?

Mr. Chevrier: My understanding, Mr. Speaker, is that it is not.

QUEBEC—STRIKE AT SOLBEC COPPER MINE

On the orders of the day:

Hon. A. J. MacEachen (Minister of Labour): The hon. member for Megantic made inquiries on two occasions concerning a strike of miners at the Solbec copper mine which has been going on for some time. I should like to tell the hon. member that this dispute is under the jurisdiction of the provincial authorities in the province of Quebec.

INCOME TAX

OIL AND GAS—DEDUCTION OF DRILLING AND EXPLORATION EXPENSES

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, on June 18 I asked a question of the Minister of Finance and he said:

I will be glad to look into it and answer the question when this matter is up for debate.

The question dealt with the protection of the common carrier principle through the national energy board. I wonder whether the minister has had time to look into this matter.

Hon. Walter L. Gordon (Minister of Finance): I am sorry, Mr. Speaker, I have not.

NATIONAL DEFENCE

INQUIRY AS TO LOW YIELD ATOMIC BOMB

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Minister of National Defence. I would like to ask him whether a 20 kiloton atomic bomb, which was the size of the one that destroyed Hiroshima and killed 100,000 people, is in his view a low yield bomb?

Hon. Paul Hellyer (Minister of National Defence): Relatively low yield, yes, sir.

DISTRIBUTION OF COPIES OF ADDRESS BY MINISTER TO DEFENCE COMMITTEE

On the orders of the day:

Mr. F. J. W. Fane (Vegreville): I have a question for the Minister of National Defence. I should like to ask the hon. gentleman if he would make available to those of us who are interested in the defence of Canada copies of his address to the defence committee yesterday.

Hon. Paul Hellyer (Minister of National Defence): I understand that copies are being distributed to all members of the House of Commons. If the hon. member does not receive one and lets me know, I shall see that he gets a copy.

CANADIAN BROADCASTING CORPORATION

SASKATCHEWAN—REQUEST FOR FRENCH TELEVISION STATION

On the orders of the day:

Hon. J. W. Pickersgill (Secretary of State): I should like to take this opportunity of dealing with a question asked earlier this week by the hon. member for Joliette-L'Assomption-Montcalm.

(Translation):

Of course, he was speaking on behalf of the Saskatchewan members and was asking me whether the C.B.C. was thinking of providing Saskatchewan with a French television station soon.

The C.B.C. has informed me that extension of its French television service to Saskatchewan is part of its long-term development plans. The French speaking people there are so scattered that more that one station would be needed. According to preliminary surveys, there would have to be at least three. The C.B.C. will not be able to provide such a service in the near future for technical and financial reasons.

(Text):

SHIPPING

LONG POINT BAY, LAKE ERIE—REMOVAL OF ABANDONED OIL WELL CASINGS

On the orders of the day:

Hon. J. P. Deschatelets (Minister of Public Works): Yesterday, the hon. member for Elgin asked me a question having to do with oil well casings at Long Point bay, Lake Erie. The department has received complaints with respect to casings which project above the water and which are not considered a menace during daylight hours as they are plainly visible. However, maintaining lights during darkness has been difficult. The department proposes to take action to have these casings removed. As for the other obstacles mentioned in the question, I have asked my officials to investigate.

BANKING AND COMMERCE

CLARIFICATION AS TO LIST OF MEMBERS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I had wished to put this by way of a question to the chief government whip, but in his absence perhaps I could raise a brief question of privilege.

Yesterday's *Hansard* at page 1624 and yesterday's *Votes and Proceedings* at page 147 gave the names of the members of the banking and commerce committee as proposed in a motion put forward by the hon. member for York Centre. I think this is an error to which I should call attention. The hon. member for High Park and my hon. friend from Nanaimo-Cowichan-The Islands may belong to the same clan but they do not belong to the same party. I think the name "Cameron" on that list is our Cameron; in other words, it should be followed by "Nanaimo-Cowichan-The Islands" rather than by "High Park". This should be checked and, if necessary, a correction should be made.

Hon. J. W. Pickersgill (Secretary of State): I shall be glad to have it checked.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

The house resumed, from Thursday, June 27, consideration of the motion of Mr. Chevrier for the second reading of Bill No. C-74, respecting the department of industry.

Hon. George C. Nowlan (Digby-Annapolis-Kings): When the house adjourned last night I was suggesting that this bill was inoperative because of the bifocal approach which has been made to this subject of industry. I had also pointed out that, as is well known to all members of the house, the Department of Trade and Commerce is one of the original departments of government going back to a time just after confederation. It is one of the senior departments of government, and one which I am sure all members will agree has been very efficiently administered and well run. Even when our opponents became very critical of the administration of the government of which I was a member they always excepted the Department of Trade and Commerce and admitted that it was an efficient department.

Mr. McIlraith: Well handled.

Mr. Nowlan: Well handled, yes. I think there was a feeling at one point that the Department of Trade and Commerce was more interested in trade than in other matters, more interested in buying and selling than in industry itself. I know that at one time representations were made by the manufacturers of this country on the subject. I think there was once a formal request in a brief of the Canadian Manufacturers' Association that there should be a department of industry. That was several years ago and, as I recall it, that representation has not been renewed latterly.

Establishment of Industry Department

It would appear to me, or at least it appeared to me some time ago, that there was real merit in the suggestion that perhaps the name of the department should be changed so that instead of "Trade and Commerce" it would be "Industry and Commerce" so as to recognize the important part industry plays in the development of this country. But that is a far cry from creating a new department entirely. Although it is true the emphasis in the department was originally on trade and commerce, latterly the department has given a great deal of attention to industrial promotion.

I have here the report of the Department of Trade and Commerce for the year 1962, issued over the signature of the present Minister of Trade and Commerce (Mr. Sharp), in which a great deal of attention is paid to the industrial promotions branch. I suggest to all hon. members of the house that it would be very advisable to read the report of the Department of Trade and Commerce, particularly the part dealing with industrial promotion starting at page 27 and running through pages 28, 29 and 30. When they read it they will see that there has been a great deal of emphasis placed on the work of the industrial promotion branch. There is an assistant deputy minister who is in charge, and a great deal of effort and time has been spent in connection with it.

For instance, hon. members will find that inquiries from manufacturers during the last year amounted to over 2,300 as compared to 1,700 the year before. The department goes to great lengths to point out the development which has taken place, the number of exhibitions which have been held, the number of contacts which have been established with manufacturers throughout this country, and the number of contacts established with foreign manufacturers who have been appointing our manufacturers on an agency basis to handle their products. Anybody who reads this report, Mr. Speaker, cannot help but agree that the department has been doing a very efficient job in this connection.

Now, Mr. Speaker, surely making, buying and selling go hand in hand. You cannot make goods without selling them. I suggest very seriously and as emphatically as I can that it is a mistake to divorce these functions of industry. Making, buying and selling should be under one integrated department and not divided, as proposed by this bill, into watertight compartments. I was talking the other day to one of Canada's leading manufacturers. He was telling me about the possibilities of export trade and the necessity of developing it. He said that never once had he sent salesmen abroad at any time without at least their coming back with more than enough orders to pay for the cost of the original trip, and these orders would be duplicated time and time again. Surely this comes under the aegis of the Department of Trade and Commerce. We have our trade commissioners overseas and a most efficient marketing organization. I think it is a real mistake to divorce these departments as now proposed.

I do not think any other countries, certainly any of the major ones of which I have knowledge, have done this. Take, for example, Germany, which is one of the most efficient producing countries in the world, where manufacturing is one of the basic industries which go to the roots of its prosperity. They have a minister of economics dealing with the various functions both of trade and commerce and manufacturing. In the United States, in so far as control comes under the executive—of course a great deal of the control there rests with congress, but so far as control does rest with the executive—there is the secretary of commerce, one minister, who deals with trade and commerce and manufacturing as well.

In the United Kingdom, which as we all know has a long tradition of manufacturing and selling in the markets of the world, there is the board of trade which I think with the exception of shipbuilding and shipping, which come under separate control, covers every other function of industrial development, marketing and commerce. These all come under the control of the president of the board of trade. In France the same situation applies. The minister of finance there has been responsible for the financial and fiscal problems and measures affecting the government of the country. From the beginning the minister of finance had to deal with tariffs. That is not the case in every country. I presume it was the case here, because at one time tariffs went to the very root of the revenue of the country. By far the greater part of our revenue came from customs tariffs, and probably that is the reason, or one of the reasons at any rate, why the minister of finance was in charge of the tariffs. Under our system he is generally in control of the fiscal and financial matters and policies of the government.

As I pointed out at the resolution stage, under a proposal which is now before us on the order paper we will have an economic council set up which will be concerning itself with the planning of economic development, trade, commerce, industry. These matters will come under one minister. Industry will now come under another minister, trade and commerce under another, and then there is finance, the minister of which is supposedly in control of the fiscal and financial problems

of the country. That is four ministers, Mr. Speaker, dealing with this fundamental problem.

I suggest to you, sir, that this is an inefficient way of proceeding, that it is a retrograde step and not one which will aid the development and the industrial life of this country. I believe, as I think we in this party believe, that this bill is thoroughly bad because it will provide for duplication of services. It will provide for duplication of officers, for greater inefficiency of development. It will certainly lead to a greater increase in expansion and will build up a bigger and bigger bureaucracy than ever before.

Therefore, Mr. Speaker, for all these reasons we in this party are definitely opposed to the bill. We think it is one which has arisen, perhaps in the same way as many others, from election promises made in the heat of an election campaign. A promise is made to attract attention, and now the government feel it is saddled with its implementation. I suggest with all respect that it will be much better for the government to drop this matter now rather than proceed on this course which I think will lead to inefficiency, and will certainly not promote the industrial development of this counry.

Mr. E. Nasserden (Rosthern): Mr. Speaker, the measure before us has as its stated objective the promotion of industrial well-being in Canada. This is a laudable objective. That has been the policy of my leader, the present Leader of the Opposition, and of his former government during the past six years. The situation facing industry in Canada when we assumed office in 1957 was not encouraging. There was declining industrial activity throughout the country. The St. Lawrence river industrial basin was severely affected. The decline in industrial activity in the maritimes was even more pronounced. The Gordon report on economic development and prospects in Canada recognized and emphasized these facts.

One of the first acts of my leader when his government assumed office in 1957 was to provide annual special grants of approximately $25 million for the maritime provinces because of their special need. This was in keeping with the historic concept of this party, which recognizes the importance and effectiveness of the action taken at the provincial level of government. The hon. member for Digby-Annapolis-Kings (Mr. Nowlan), Senator Brooks and the hon. member for Queens (Mr. MacLean), together with a number of others, some of whom are still in this house, were instrumental in bringing these matters to the attention of the government of that day. The national policy of those days was designed to allow for the employment of people through the encouragement of the greatest home building program in Canadian history, a winter works program to assist with municipal development and improvement, vocational training schools, and various aids to institutions such as hospitals, universities, and senior citizens' homes. The measures taken to alleviate the changing conditions confronting the coal mining industry in the maritimes were beneficial, and the present government could have paid them no greater tribute than to renew these particular policies for a further five year period.

The Atlantic development board, proposed during the last parliament, has been adopted by the present administration. Its effectiveness was delayed by the last election campaign. It is noteworthy that the present government would like to claim paternity for this measure although their claims are obviously illegitimate. It will be recalled by hon. members that the Department of Trade and Commerce was revitalized during the period the hon. member for Winnipeg South Centre (Mr. Churchill) served as minister. The action taken at that time was to give emphasis to the marketing of Canadian products. The actual implementation of the program conceived at that time was pursued at a later stage in the life of that administration.

I think it is generally agreed in Canada that the emphasis undertaken in that instance was a proper direction in which to promote the well-being of industrial Canada. I view with alarm the obvious desire of the government to interrupt the progress that was taking place along those lines. This bill is a good example of their carelessness regarding our need for markets. I hasten to assure you, sir, that it is not the only one. If hon. members opposite are determined to change something to give effect to the change in name that they have adopted for their party, the most logical and least damaging change that they could make would be in the name of the Department of Trade and Commerce. We on this side of the house would have no objection to changing it to the department of industry and commerce.

This parliament is not concerned with the partisan desires of the present government. The opposition have a duty to perform, and we intend to exercise that prerogative whenever we see the future of this country endangered by that carelessness with which the present government seeks to impose upon our people an enlarged bureaucracy by the establishment of additional departments of government. We on this side of the house are gravely disturbed by the trend that has already been established in this regard. The

voluntary duplication of departmental responsibility sought by this careless administration reveals a division of opinion and direction within the present cabinet. We might all be interested, we might even be intrigued by this conflict within the cabinet. However, that is no recommendation for support of this particular bill.

Decisions that were made during the period of world war II and the post-war period have contributed considerably to the problems now facing industry in Canada. The late Hon. C. D. Howe had a great deal to do with establishing the basis for some of these tremendous problems. The demand for goods in Europe following the cessation of hostilities brought with it a tremendous impetus to Canadian industry. It also left the Canadian government of that day with a false sense of security. I can recall the boasts of those days—"You never had it better". The careless attitude of that government can be measured by the budget surpluses of those days. The utter carelessness of that administration in regard to the future is still, even today, one of the most appalling chapters of Canadian history.

The tragedy of those days is to be seen in the unemployment figures of the last 10 years, in the young people who have been denied jobs because of a lack of training. Indeed, it would almost seem that the government of that day thought that the only future for young Canadians was that of common labourer, the pick and shovel for the construction industry, the axe for the timber limits. The bankruptcy of that kind of approach is now well established. The national policy embarked upon during the past six years made provision to overcome this gross carelessness and oversight which had made the reputation of the old Liberal party so distasteful to Canadians.

The hon. member for Ontario (Mr. Starr), who was the first of his race to become minister of labour, was responsible for the introduction of the vocational training building program which was so universally endorsed by the governments of all provinces.

That program was so successful that it has been generally recognized as the most concentrated drive by any government anywhere in the world with respect to the problems of training and instruction to meet changing industrial and labour requirements. The present government has not repudiated that program, and all of us will watch with interest as the benefits accruing from it begin to assert their influence on the industrial scene in Canada.

For these many reasons I am compelled to come back to my contention that the greatest unresolved problem facing industry in Canada is markets. This bill does not begin to grapple with that problem. I believe this is where we find one of the basic and fundamental differences between those who sit on the government benches and those who sit in the official opposition. I want to emphasize what I said in an earlier debate, that our industrialists are not looking for increased competition brought about by a duplication or multiplication of industrial plants. Their interests and those of Canadian labour are to be found in the implementation of policies and measures that will allow them to become more competitive in world markets as well as those at home. The more intensive utilization of present resources and plant is preferable to a deliberate duplication and multiplication of plants.

The carelessness of this administration in this regard appears to be the most appalling. The failure of the bill to recognize these premises is alarming. The government would be well advised to give this matter further consideration before proceeding with this proposal. I think it is regrettable that the time of parliament should be consumed by this ill disguised partisan gesture which really adds nothing constructive from the point of view of the industrial future of this nation. It is all the more regrettable when consideration is given to the fact that this change of emphasis could very well destroy the trend toward increasing employment which was resulting from the policies brought forward by the previous administration. It is to be hoped that those opposite will forsake their approach and get down to the real business of improving the competitive position of Canadian industry. The best example they can follow in that regard is that which was embarked upon by the previous administration.

The hon. member for Digby-Annapolis-Kings mentioned some of the work that has been embarked upon by the Department of Trade and Commerce during the last several years, and I think it is fair to say that a new concept of the role that department can play in the business and industrial life of this country was adopted during the period when the hon. member for Winnipeg South Centre served as minister of that department.

Finally, Mr. Speaker, I should like to say to hon. members opposite that while the objective set forth in the bill appears to be one that every member of the house can support, in my view the bill will result in a duplication of the services we now have. It will result in an increase in the number of civil servants required, and in the long run it will result in confusion beyond anything we have seen in the past with regard to the production, marketing and distribution of Canadian industrial products.

For this reason I think the government would be well advised to consider the withdrawal of the bill at this time, until they have had an opportunity to consider the matter further.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, there are only one or two observations I intend to make in respect of this bill and the general concept that is more and more being shown as characteristic of the new government. I can add very little to the remarks made by the hon. member for Perth and the hon. member for Digby-Annapolis-Kings, or to the remarks uttered by the hon. member for Rosthern.

However, I think we should look at the general situation that is becoming clearer with the passing days. I refer to the fact that this government has come to the conclusion that as long as it is doing something, what it does must necessarily be effective. The planners are with us, the planners who know what should be done. I am not going to identify them today, but they sit opposite. They have ideas on these questions and they believe they have the answers to all the problems that face the nation. I think they call it directional planning. Well, we have had an example of directional planning in the last few days in the changes, in the declarations and in the retreats that have been made by the government in respect of a measure that is of importance to Canadians.

We find today in every part of this nation the economy is being endangered by the uncertainties that result from planning that was ill digested, ill considered and has had to be changed from day to day. The setting up of this department of government has been an avowed purpose and aim of the Minister of Finance. Indeed, as I look at the plans that are brought before parliament, and others that were set out in the speech from the throne, it becomes more apparent that whatever plans he has are going to be carried into effect by this government, regardless of the consequences.

I am not so sure that there is complete unanimity over there in this regard. I have no reason to be certain in my opinion, but I think some of the more carefully minded members of the government have been somewhat disturbed about the courses of action that are being planned for the Canadian people. I referred to "directional planning". Was it directional planning that only recently brought about a declaration in the budget that has had to be rectified, altered and retreated from? They change from day to day. When we ask them for the latest in the category of change, we cannot get it. The great danger, Mr. Speaker, is that when planners direct a course and things do not turn out as they planned, the economy suffers.

There is no part of Canada today that is not suffering because of the uncertainty of this government. Its failure to go through with its so-called plans has not been due to the opposition but has been due to the fact that Canadians as a whole have become mortified at the peripatetic performance of the Minister of Finance and other ministers of this government. I doubt whether in all history the Canadian people, in so short a time, have been so uncertain as to their future as they are today, and so disillusioned by the actions taken by this government. When we ask what is the latest in the catalogue of change the answer is that we must wait; and while parliament waits for the government to decide its course, in every part of this country the economy is being detrimentally affected if not undermined.

The purpose is to increase employment. The objectives referred to by the minister in the course of his speech are laudable in every way. However, even though the objectives of the government are laudable, the means chosen to bring them into effect have proven to be the reverse of the anticipated hopes of the government.

In so far as the setting up of another department is concerned, I am not going into the particulars of the legislation. It will be dealt with clause by clause during the committee stage. However, I do believe it is fair to say that instead of Canada having an expanding economy in consequence of the action taken by this government to date, it is an expensive economy that is being developed in government. They are increasing the number of cabinet ministers, pushing up the stipend of parliamentarians, multiplying the officials in these departments. It is a case of increased bureaucracy and added expense, increased demands upon the taxpayers.

So these people have the idea that the government can do everything. Some time I will deal with that point, Mr. Speaker, and I will name them. I find it difficult to understand, with the number of former civil servants they have in senior positions, why they found it necessary to go outside to get these three wise men. They have the greatest galaxy of former bureaucrats who have ever been gathered together under the aegis of any government. However, they found it necessary to go outside.

This is not going to bring about any expansion. I was interested in this department. It was promised a long while ago by the Minister of Finance. He wrote a book. He

wrote a revised version of the book. I suppose as a result of his experience during the last few weeks there will be a revision of the revised version.

As far back as 1961 he said there should be a separate minister for industry and for regional economic affairs. I do not know whether the reference is to two ministers or one, but the press reference indicated two at that time. Then later on he said:

> In my view, the federal government should appoint a separate minister with direct responsibility for directing policies designed to revitalize business activity in depressed areas all across the country.

What will this department achieve that the Department of Trade and Commerce cannot achieve? The Minister of Trade and Commerce is one who is trained in bureaucracy. He was deputy minister in the days when Mr. Howe was minister. We remember those days very well, when Canadians were pushed around as never before in our history. I am not speaking about days of war; I am speaking about days of peace. Is this not part and parcel of the plan establishing duality?

During the election campaign the Prime Minister said "I am going to appoint a minister of industry and I am going to appoint an eastern minister of agriculture." The hon. gentleman opposite bows in anticipation. I know his ability, capacity and warmheartedness. Yes, the Prime Minister said he would divide the Department of Agriculture into two parts. Mr. Speaker, Gaul was divided into three. One of the two must be senior and the other junior; and this proliferation of portfolios, this expansion and multiplication make for jobs, but is it going to make for efficiency?

Miss LaMarsh: Wait and see. Doom and gloom.

Mr. Monteith: Doom and gloom, she says.

Mr. Diefenbaker: I am not going to say anything, Mr. Speaker, except that truth has spoken in reverse. I have mentioned multiplicity. In power in the United States, the Republican party was identified with the slogan, "Two chickens in every pot". The new slogan for this government is two cabinet ministers for every job.

During the election campaign the Prime Minister said he would increase the cabinet by only one minister, and he indicated who would be removed from the roster, the associate minister of defence. The Prime Minister indicated that the associate minister of defence had little or nothing to do. He said "I am going to put an end to that; I am going to abolish that position." However, the hon. member who now occupies that position need live in no fear, because when I asked the Prime Minister about it the other day he indicated he had changed his mind. Therefore the cabinet is going to be further enlarged.

Then there are the parliamentary secretaries. I always pay my tribute to young men and women coming into the House of Commons and showing their ability. I could mention a number of them who I know in the years ahead will make great contributions to the country, but strangely enough this government speaks with two voices. There are the ministers and the parliamentary secretaries. To date two of the parliamentary secretaries have spoken and advocated things in the house that are contrary to the views of the cabinet. One of them explained that the reason for this was that he hoped to convert the ministers in the cabinet. That is a strange philosophy.

What did hon. ministers opposite say when we were in office? I refer in particular to the Minister of Justice. He spoke in the house when we set up the Department of Forestry, and he said there should not be any expansion of the cabinet. As recorded at page 5490 of *Hansard* for June 28, 1960 he said:

> May I say to the Prime Minister that it appears to me that the number of ministers is already too high. In that connection a redistribution of functions and responsibilities between these departments would be highly desirable, and that would be met by the suggestion which I have just made.

Then he went on to say:

> Too many ministers at the present time. Could that be met by the suggestion which I made earlier that these two services, which are going to be small divisions of this department, should be brought within the Department of Mines and Technical Surveys giving that department the responsibility for the research that you have in mind?

Then he went on to say this, and this is particularly appropriate, because the statement was made in the house on June 28, 1960:

> It is obvious that all the ministers in existence today are not needed. I say that to the Prime Minister with deference, because it has been stated here by our members on this side, and in other places, and I do not want to reflect on any private individual; that is why I am very hesitant about replying to the Prime Minister, other than to deal with the question in a general way and say that surely the right hon. gentleman knows there are ministers who are not charged with sufficient duties or sufficient responsibilities. I do not want to go further than that.

That was his view when in opposition. During the election campaign the associate minister of defence was referred to as the fifth wheel, as totally unnecessary. I ask why this promise is not being carried out. Would the cabinet have lost anything by the carrying into effect of this undertaking given during the campaign?

It has been stated that the new minister of this department will also be the Minister of Defence Production. However, that is not my reading of the clause. I cannot go into all the particulars of the clause but I do believe it must be redrafted. If you will pardon me, Mr. Speaker, I wish to refer to clause 8 which states:

In addition to the duties, powers and functions conferred by sections 6 and 7, the minister shall exercise and perform all the duties, powers and functions vested in or required to be exercised and performed by the Minister of Defence Production.

Yet we have an act, and the act is not being amended, which provides that the Department of Defence Production shall have its own minister, who shall receive a salary of $15,000 a year if not occupying another portfolio at the same time. So far as this clause is concerned I suggest it needs to be redrafted.

Regarding the accelerated tendency on the part of the government to get back to the days of an uncontrolled bureaucracy, reference was made by the hon. member for Perth (Mr. Monteith) to two clauses. Clause 11 was one of them, and it goes a long way in the uncontrolled power it seeks to grant. In addition the powers to be given to the minister under clause 7 are very wide, comprehensive and uncontrolled. There is no control over them in any way. Legislative authority is being given to the minister to do almost anything. The clause reads:

The minister shall—
develop and carry out such programs and projects as may be appropriate

(i) to assist the adaptation of manufacturing industries to changing conditions in domestic and exports markets—

That is a very wide power. It gives him the power to act, when joined with the power of the governor in council, and do almost anything that he chooses to do, provided he can get the cabinet to agree and without regard to parliament.

Clause 11 reads:

The governor in council may authorize and direct departments, branches and agencies of the government of Canada to undertake in the execution of their respective duties and functions such special measures as may be appropriate to facilitate the economic development of any designated area or the adjustment of industry in that area.

Never in my experience in the days of peace, with the exception of the Defence Production Act, have such powers been granted to a minister. There is no control over the governor in council; he can bring in special measures to facilitate the economic development of any designated area or the adjustment of industry in that area, and he does not have to come to parliament for authority. Under this clause the governor in council could say to any business in this country in an area that is underdeveloped or is economically slower than other parts of the country, "This is what you have got to do". That is a tremendous power. Even under a socialist government in the province of Saskatchewan, often criticized, that power has never been exceeded. There is nothing about parliament in this bill; there is simply the power given to the governor in council to push business around, to direct them, to order them to do certain things. As I say, there is also the power for the governor in council to bring in special measures appropriate to facilitate the economic development of any designated area.

It was made clear by the hon. member for Digby-Annapolis-Kings that we are opposed to this measure. We will not accept legislation with absolute powers such as these. Hon. members will recall the short cuts of parliament after the war; the pathways of war became the highways of peace. There were two or three departments of government in those days whose deputy ministers are today ministers of the crown in the present cabinet. We thought we were past the threat of the exercise of such powers following the pipe line debate of 1956.

It looks simple on the face of it, Mr. Speaker; but read it. Clause 11 constitutes as nearly as possible a complete abdication by parliament of its rights. Are we going to hand the governor in council the right to determine what special measures shall be carried out? Are we going to give him the power to adjust industry in any area? The adjustment of industry in any area is a matter within the legislative competence of the provincial government concerned. Let that be clear. Are they going into any area in the province of Nova Scotia and say "This is what we determine is the course to be taken by industry here". Are they going to try that in the province of Quebec in any areas in which there is unemployment? Mr. Lesage has not yet had an opportunity of looking into this question, Mr. Speaker.

Mr. Martineau: There will be another motion of censure.

Mr. Diefenbaker: We will have another motion of censure by the government of that province. This is a complete intrusion into and interference with the jurisdiction of the provinces over property and civil rights.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The hon. member for Rosthern said the objective is laudable. Certainly it is. But parliament must determine that the laudability of the objective shall not be an excuse for interference with the rights of the individual and the authority and jurisdiction of the provinces. Let that be clear.

Establishment of Industry Department

There are many more criticisms that could be offered in respect of this measure, Mr. Speaker. There is the shuffling around from one department to another. We have an example of it in the Department of Agriculture. That Department had authority over the wheat board and over the marketing of wheat, and we sold our wheat while it had that authority. I can understand why they took that authority away from the Minister of Agriculture because he has not been here long enough to understand exactly the authority of that department and its responsibilities.

Why proliferate these agencies of government, these departments? Mr. Speaker, I am opposed to this legislation while agreeing with its objectives. My first reason for being opposed to it is that there is no possible justification for increasing the size of this cabinet and, in consequence, the number of the officials necessary to make it operative. Second, there is no reason why the Department of Trade and Commerce could not discharge these responsibilities. This is simply the age old experience of bureaucracy multiplying like rabbits; that is what it amounts to. Expand, bring in new departments, give more authority; the more departments you have—this has been the experience of anybody who has had responsibility in public life—the more desire on the part of those in that department to spend money in order to justify the existence of the department and the responsibilities they discharge. I presume that is the reason the Prime Minister said he was going to rid this country of the associate minister of national defence. Well, he has not done it. Instead of reducing, they increase.

I am not going to deal with the bifurcation of the Department of Agriculture because that matter will be raised at another time. But I would like to know how two ministers with the same powers and the same responsibilities are going to carry on. I think the present Minister of Agriculture will be the senior, because he has a compelling personality. It will be just too bad for the Minister without Portfolio (Mr. Tremblay). This is all part and parcel—and I speak very seriously now—of planners planning to pretend they are doing something and thereby being able to say "See what we have done in the first 68 days". This planning, the establishment of this department with the powers that are contained in this bill, cannot but strengthen the authority of bureaucracy and give to those who are charged with the responsibility the power to push Canadians around. We have had enough of that. We stand against that and will continue to take that course.

[Mr. Diefenbaker.]

Mr. Deputy Speaker: Is the house ready for the question, or shall I call it one o'clock?

Some hon. Members: One o'clock.

Some hon. Members: Question.

Mr. Martineau: Mr. Speaker, is the minister not going to make a closing statement?

Mr. Pickersgill: Mr. Speaker, the minister has already spoken, and as he is not the mover he has no right of reply.

Mr. Deputy Speaker: Order. It being one o'clock I do now leave the chair.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Aye.

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

Mr. Nowlan: On division.

Mr. Churchill: On division.

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

On clause 1—*Short title.*

Mr. Drury: It would perhaps be desirable for me to try to cover on clause 1 some of the points which were raised on second reading but which were not replied to. These will be in the nature of general remarks in answer to specific references.

The hon. member for Perth indicated that he felt some apprehension that this bill was another manifestation of what he called a tendency of the government to take over in a socialist way the entire economy. If the hon. member would read the bill carefully he would see, I think, that the powers of the minister are very limited in extent. There is a definition of his duties, but his powers are not of a character which would be likely to bring about a situation of the kind which the hon. member for Perth envisaged.

The hon. member was also apprehensive about the possibility, or likelihood, of disputes arising between the federal and the provincial governments inasmuch as the provinces clearly have a responsibility in relation to industrial matters within their own provinces, as does the federal government in relation to industry generally within Canada. A similar situation has arisen with regard to other federal government departments, the Department of Agriculture, for example, which has duplicates in each of the provinces. It has been found that given a degree of consultation and co-operation, conflicts do not arise.

I suggest to the hon. member for Perth that this will be the approach of the new ministry of industry—to recognize that there are tasks to be undertaken, some of which can more appropriately be done by the provinces and others which can be best performed by the federal government; some of these are currently being carried out to a limited degree by the Department of Trade and Commerce here in Ottawa.

The purpose of this new ministry is to intensify, extend and make more effective the work which has hitherto been performed within the Department of Trade and Commerce under the aegis of one of the assistant deputy ministers.

The hon. member for Perth also made a suggestion that the purpose accomplished by this bill could have been accomplished equally well by renaming the Department of Trade and Commerce and leaving it substantially as it is. One of his hon. friends, I think it was the hon. member for Digby-Annapolis-Kings, made the same suggestion, but recognizing that this idea would probably not work, he advanced gradually in the course of his argument to the point where he acknowledged it might be advisable to appoint a deputy minister within the department as a deputy minister for industry. To my way of thinking this was implicit acknowledgment of the necessity of having someone with greater scope, greater stature, than an assistant deputy minister to carry out the functions which should be performed in this field. This is precisely what we propose to provide.

This measure does, also, have the effect of putting the functions now being performed within the Department of Trade and Commerce alongside those of the Department of Defence Production. That department is at present much more intimately concerned with manufacturing in Canada today than is the non-industrial side of the Department of Trade and Commerce whose gaze is, naturally, turned outward and concerned with assisting Canadians to participate in external markets. Because of this, the functions of the present Department of Trade and Commerce are to some extent divided between external considerations and domestic or internal considerations. By removing these internal functions in relation to manufacturing industry and transferring them to the new department it will be possible to link them closely with the domestic operations of the Department of Defence Production and provide for a more effective integration of the skills within the government, bringing them into play to assist industry in Canada. More could be achieved in this way than by simply renaming the Department of Trade and Commerce the Department of Industry and Commerce and letting it go at that.

I was glad to hear that the hon. member for Lake St. John hoped that the new ministry would be effective and would accomplish something. In a sense he appeared to be critical of the present operations of the Department of Trade and Commerce in respect of accomplishment in this particular field, a criticism which I do not feel is wholly justified in that what has been done has been very well and very effectively done. What we on this side say is that there should be more of this. The purpose is not, in respect to domestic manufacturing industry, to change radically either the policies or the approach, but merely to become more efficient and effective.

(Translation):

The hon. member for Pontiac-Temiscamingue (Mr. Martineau) mentioned that the bill should be submitted to the provinces before being passed, but I think that the hon. member will recognize that inasmuch as we are dealing with a field for which the federal government is exclusively responsible, it is unnecessary and even undesirable to submit it to the wishes of the provincial governments.

When the federal authority acts within its own jurisdiction, it has to make its own decisions. It is neither necessary nor desirable to risk any measure being vetoed—if I may use that expression—by the provincial governments.

As far as the present legislation is concerned, it is clear that the federal government has the right, and even the duty, to look after the industrial problem at the national level. That is the object of the bill and there is no suggestion of conflict with the provinces.

That is why it is neither necessary nor desirable, to my mind, to ask the provinces to comment on the bill.

(Text):

The hon. member for Winnipeg South Centre dwelt at some length on what to me is a very well taken point, that during the past years, while this country has seen a substantial industrial growth, a very substantial increase in industrial output, figures of industrial employment have not kept pace with the growth in industrial output. The problem here, is one of automation—the replacement of muscular effort by machinery, which we all recognize leads to a higher standard of living for those who continue to be employed. But, as I say, it has the consequence that in respect of a given unit of output fewer human muscles are called for. This is a dilemma of which the government is acutely aware and a problem which will have to preoccupy to a large degree the new

department of industry. It is a very real problem to which there is no easy or single answer. Obviously, the answer lies principally in accelerating very greatly the rate of industrial growth which has been experienced in this country over the past years, and it is because of this necessity for very greatly increased rate of industrial growth that the government is putting forward this bill to put emphasis on, and to provide a focus for, the prospective intensive efforts to accelerate this rate of growth.

I think the hon. member also raised the question of the reorganization of the Department of Trade and Commerce, with the provision of a separate deputy minister within that department for industrial matters. As I suggested earlier, I am sure that if a group, a section or a department under a deputy minister is necessary and desirable—and, like him, I feel that it is—a better place or a better linkage of association for such a department or deputy minister is in conjunction or in association with the Department of Defence Production, which is already to a very large degree intensively involved with the heavy manufacturing industries of Canada.

The hon. member for Burnaby-Richmond, while in favour of establishing the new department, suggested that perhaps the occasion might be taken to abolish the Department of Defence Production. As a consequence of this it would be possible to effect an economy of some 1,520 civil servants. While measures of economy I think are always desirable and certainly are always looked into, I should point out that the establishment of a new department of industry will in no wise lessen the necessity for carrying out and continuing to carry out the present purchasing and development functions now being carried on by the Department of Defence Production. Somebody will still have to do this work, and merely abolishing the department and disestablishing its staff will not make it possible to continue the work being done. As I mentioned earlier, it is intended to make use of the services, skills and knowledge related to manufacturing industry now extant within the Department of Defence Production, and bring these into play in the most extensive way possible in order to avoid the duplication of building up a duplicate staff in the department of industry which would merely overlap with the present knowledge and skills in the Department of Defence Production. I think the hon. member for Burnaby-Richmond will agree that unless we abolish our armed forces, which is unlikely, it will not be possible to abolish the Department of Defence Production.

[Mr. Drury.]

The Leader of the Opposition mentioned that the government had embarked on a course of what he called directional planning. This is a term which is new to me. I have never seen it or read of it in any of the writings for which the government has been responsible. There have been a number of references on behalf of the government to the necessity for a greater degree of economic planning, but directional planning is a brand new term which unfortunately the Leader of the Opposition failed to define.

I am not quite sure exactly what he is afraid of when he conjures up the bogey of the evils of directional planning. He did refer specifically to a number of clauses which perhaps would have been discussed better at the present stage of business. He was afraid that clause 11 would confer upon the minister the power to order industry in certain designated areas to do anything which the minister wished and rather, I think, created the impression among his listeners that some kind of new economic czar was being brought into being. I can only hope that the Leader of the Opposition did not have time to read this clause. If he had it would have been quite clear that no such powers were conferred and throughout the bill, indeed, as I mentioned earlier, the clauses are not attributions of power or authority to the minister but definitions of duties and responsibilities. Perhaps these can be more adequately examined as we proceed with the clause by clause discussion.

The Leader of the Opposition concluded with the words, which I wrote down, "We will not accept legislation with powers such as that", and the "powers such as that" had reference to conferring on the minister of industry powers which would enable him completely to engage in legislative enactment, I think the words were, without any necessary recourse to parliament. I think the Leader of the Opposition is perhaps misled in what he believes is in the bill. I believe a more careful study of it will indicate to him that no such danger is real nor need it be apprehended.

(Translation):

Mr. Martineau: Mr. Chairman, before clause 1 is adopted. The minister spoke, a while ago, about economic planning and the President of the Privy Council (Mr. Lamontagne) said, the other day, that the government had proposed many planning measures that would not be indicative planning measures only, but would also provide ways to stimulate production. Therefore, here is the question I want to ask the minister:

Is the establishment of this department one of the ways through which industry will be shored up in a particular way, and what are those ways?

(Text):

Mr. Drury: Mr. Chairman, I think the ways in which it is proposed that the new ministry will have a beneficial influence on industry are indicated in the various clauses of the bill and rather than read all the clauses perhaps the hon. member would look at them as we come to them. The principal indications are, of course, in clause 7. That is in relation to the development of industry as such.

(Translation):

Mr. Pigeon: Would the minister allow me a question?

In view of the fact that we are talking about setting up agencies, can the minister assure the house that before regional agencies are established, the provinces and their departments of industry will be consulted?

Mr. Drury: I think I can assure the house that we are really anxious that there should be close relations between that new department and the department of industry in all the provinces, and we firmly intend to go about it hand in hand rather than face to face.

(Text):

Mr. Pigeon: I ask a supplementary question. Will the minister ask each department of industry in each province to name the man to be in this agency? Will he consult the provinces with a view to appointing a good man for each province and will he accept suggestions from the provinces?

Mr. Drury: I am not sure of the particular agency to which reference is being made. If the suggestion is that in respect of a departmental office in the city of Regina one should ask the government of Saskatchewan to name the man who is going to be an employee of the department of industry, the man who is going to be an employee of the federal government in Regina, I am not sure that this would be the right way to proceed.

Mr. Pigeon: Do you think it would be preferable to get the consent of the province to the appointment of the chairman of this agency, because this man will be close to the department of industry of the particular province?

Mr. Drury: You have reference now to the chairman?

Mr. Pigeon: Yes.

(Translation):

Mr. Drury: The chairman of what specific agency? What agency chairman do you mean?

(Text):

Mr. Pigeon: Yes, but you use the word "agency" in one of the clauses.

(Translation):

The area development agency. Will there be a provincial agency?

(Text):

Will each province have a main agency and will the other agencies in that province have to refer to the main agency?

Mr. Drury: As I understand the question it relates to the proposal to establish an area development agency. The boundaries between provinces within Canada are political rather than economic, and in considering economic problems one has to look not to political boundaries but to economic areas or to economic regions. An example of this is that while the maritime region is made up of a number of provinces they are regarded, at least for the purposes of the Atlantic development board, as a single economic region. I am afraid that what the hon. member has reference to here is a suggestion that the area development agency will be operated on a provincial rather than an economic area basis. The plan is to try to make this body operate in relation to economic areas rather than political boundaries or political areas.

Mr. Martineau: In the same order of question, will the minister say how many such economic areas he has in mind?

Mr. Drury: At the present moment I am very sorry to say that I cannot. I do not know.

Mr. Ricard: Will the minister give us an idea of the number of new civil servants that will be required to put this project into operation?

Mr. Drury: As to the number of additional civil servants, I would imagine that initially this would be quite modest. I regret to say that, it being improper to anticipate approval by parliament of this bill, steps have not been taken in advance of parliamentary approval to organize the department.

In general terms, however, the plan would be to bring over or transfer from the Department of Trade and Commerce those functions to which the hon. member for Winnipeg North Centre made reference yesterday under the assistant deputy minister of domestic commerce; to take some limited number of people from the Department of Defence Production, and this, in itself, would constitute a large part of the nucleus of the new department.

Mr. Nowlan: I think we are getting a little bit disorderly, and I was going to deal with this under a later clause; but since we are on clause 1 that usually covers almost everything. I am wondering where the minister gets the power to employ anybody under this bill. I have never seen a clause like this, but that does not mean there are not any,

by a long shot. I have looked at the statutes creating several departments, and in each one the governor in council is given the power to appoint a deputy minister, as we have here. However, the similarity stops there.

Then, the other statutes go on to mention other officers, clerks, employees and so on. In other words, the minister, or the governor in council, is given the power to appoint a staff. There is absolutely no power in this bill for the minister to appoint anyone, so far as I can see. There is, however, another clause which says that the minister shall exercise the powers of the Minister of Defence Production. Of course, he exercises those powers because he is the Minister of Defence Production. At the appropriate time I should like to know, also, whether or not we are repealing the Defence Production Act or is the minister being put in a hybrid position? Is he exercising the powers of the Minister of Defence Production while he is the minister of industry?

I should like the minister to explain where the power lies for him to appoint or transfer staff to this department. How can he get a vote to pay these employees? What is the statutory provision under which he is going to employ a staff?

Mr. Drury: I do not believe the minister would appoint anybody to the department. Normally, money is provided in the estimates for the employment of a staff, and this, surely, is the legislative authority for such employment and continuing employment. The bills approving the estimates or supplementary estimates provide for the payment of the civil service.

In so far as the authority to transfer personnel is concerned from the Department of Trade and Commerce or the Department of Defence Production into the new department, that authority arises from the Transfer of Duties Act, another statute altogether.

Mr. Nowlan: Would the minister direct my mind to the specific statute to which he has reference? I am asking him the reason for this peculiar situation which differs from the creation of every other department. The Department of Forestry was the last department created; and you can go right back to a long series of statutes, and you will find the same provisions. Each department may appoint an officer to be called a deputy minister, and so on, to hold office during pleasure. We have that in the bill in front of us. Then, in the statutes creating every other department of government you have this subsection, subsection (2):

> Such other officers, clerks and employees as are necessary for the proper conduct of the business of the department shall be appointed or employed in the manner authorized by law.

This clause is missing from this bill. Without referring to other clauses in the bill, I may say, however, that there is a provision for the employment of outside experts. Their appointments will terminate in December, 1964. I had visions of the minister being very lonely and having only the deputy minister with whom he could play pinochle. I think the matter is one which should be cleared up.

Mr. Drury: I thank the hon. member for worrying about me and the fact that I might be lonely. However, if he reads again the last few words in that section, subsection (2) which he read, he will find it merely points out that people other than the deputy minister shall be appointed according to law. In effect, all this section means is that it will be unlawful to appoint anybody except according to law. It does not confer any authority on the minister. It does not give any new power to the department. It is merely a statement that people who are engaged must be engaged according to law. I would suggest it will be found this provision is unnecessary, and to the extent that it is unnecessary it is redundant. I will be glad, however, to get a legal opinion on this point and provide it.

Mr. Nowlan: I am not going to get into a legal dissertation on this matter. I should like my hon. friend to consult the hon. gentleman who was sitting alongside him a few minutes ago, and obtain his opinion on the legality of this procedure. I do not agree with him that this is redundant. It is a strange thing that we have had this redundancy running through every statute from confederation down to the present time except this one. I suggest that the department is a creature of the statutes. It is created by statute and its powers are limited by statute. The mere fact that there is power given in some other statute, it does not necessarily follow that the minister has the power here. I think it would be helpful—I am not going to move an amendment—if the minister would give consideration to whether or not such a clause should be added.

Mr. Drury: Agreed.

Mr. Baldwin: I was interested in what the minister had to say. I agreed with him when he expressed this sentiment, that the federal government has a duty to concern itself with industry at the federal level. However, it has this duty within the existing framework of the constitution. The minister is now flanked on either side by eminent counsel, so perhaps he might give me some answers.

Some of the provisions of this bill seem to be characteristic of the type of legislation

which was passed during the war, and which had its legality based upon the peace, order and good government section of the British North America Act. Since an emergency had arisen, emergency steps could be taken. Mind you, I can think of a very good defence. Perhaps as long as the hon. gentleman and his colleagues are in power, we could argue that a national emergency always exists. This might be a good defence to raise.

I would call this to his attention, that the particular section dealing with area development, if read very closely, has its legal basis—

Mr. Drury: I do not like to interrupt, but I wonder if we could follow the suggestion made by the hon. member for Digby-Annapolis-Kings, and try to go at this in an orderly way? Perhaps the hon. member could wait until we get to clause 11, concerning area development, before taking up this point.

Mr. Baldwin: All right. I will conclude with this suggestion, that I simply call to the attention of the minister that legislation dealing with such things as unemployment insurance and pensions, which of course are different, but to some extent parallels this, necessitated the bringing in of amendments to the British North America Act. I would hope the minister might be able to provide us with an opinion indicating the foundation or the platform on which he has erected his constitutional right to pass this legislation.

Mr. Pigeon: I would like to ask the minister—

The Deputy Chairman: Order. I think the discussion is tending to turn away from clause 1 to other parts of the bill. Could we stick to clause 1, please?

Mr. Pigeon: In the interests of the future of confederation I would like to ask the minister, is it possible to postpone the bill until the next interprovincial conference takes place in Halifax, because I think it would be very wise to ask if the provinces are ready to co-operate?

Mr. Drury: I am sure that both the federal government and the provincial governments are pursuing exactly the same end, namely, an acceleration of the industrial growth of Canada, and to assume that the provinces are going to object to this when there is no constitutional basis, no conflict of jurisdiction concerned, would be assuming a whimsicality on their part which would not be justified.

Mr. Pigeon: Suppose one of the provinces does not want to co-operate, what then?

Mr. Drury: It will be my job to win over that lack of co-operation.

Mr. Martineau: Mr. Chairman, you raised a point of order a few moments ago and asked that the discussion relate to each clause of the bill, which of course you were right to do; but I would like to point out that the questions asked of the minister during the last few minutes are questions of a general nature that come within the ambit of clause 1, which is the general clause. Along the same line of questioning as the hon. member for Joliette-L'Assomption-Montcalm—

(Translation):

Mr. Chairman, as can be seen on page 1643 of *Hansard*, the minister said yesterday:

> This will be the first time that a federal government has made provision for a specialized organization to concentrate on area problems—

The point to which I should like to call the attention of the house—I associate here my colleague from Joliette-L'Assomption-Montcalm—is that precisely the provinces are there to look after area problems. And the minister himself recognized that in introducing this bill, he is following a new procedure which constitutes another interference in a provincial matter, unless we are misinterpreting his statement.

That is why I would ask the minister to explain what he had in mind when he said that his department would specially concentrate on area problems.

Is the minister in a position to answer that question?

Mr. Drury: If I may, Mr. Chairman, I shall answer it in a little while. First of all, I should like to answer the questions put forward by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan).

(Text):

I am advised that the authority to hire and employ people in the public service of Canada is contained in the Civil Service Act as amended a couple of years ago. In effect this means that where there is not specific authority contained in an act to engage and employ people, then that situation is covered by the Civil Service Act as amended. The reason earlier statutes contained this specific authority was that they were enacted prior to the amendment to the Civil Service Act, for which the previous government was responsible, and which makes it no longer necessary for each individual statute to have this specific authority.

Mr. Churchill: Have you the act in front of you, and could you read out the section?

Mr. Drury: I have not got the section here. I would have thought the hon. member for Digby-Annapolis-Kings, who probably sponsored the legislation, would be fully aware of it.

Mr. Baldwin: Is not that the one which has the oath of secrecy in it?

Mr. Ricard: Are we to conclude from the answer the minister gave me a little while ago, that we are to be left in the dark completely, and that we will not know how many employees will be required to bring this project into reality? I would like to have some kind of an idea of how many more civil servants this new project will require.

Mr. Drury: I think the hon. member will be aware that in an endeavour to construct a theoretical organization, a theoretical plan, in advance, and be sure that this is what is ultimately going to be needed, before one has had a chance to find out what are the problems, to analyse the needs of industry and, having analysed them, to discover and work out the best means of meeting these needs—until one has done all this one cannot say precisely what the final answer is. If I were as omniscient as that, we would not need a department; I could do it all myself.

What I do say is that initially the number of additional people required will be very modest indeed, having in mind the number currently engaged in the Department of Trade and Commerce and in related functions in the Department of Defence Production. But in any event, as the hon. member knows, the numbers proposed for each succeeding year will be submitted to parliament, and in the form of the estimates from year to year will be approved by parliament.

This is no blank cheque, as has been suggested, being offered to this new ministry, but to expect the minister with a non-existent department—and it is the department that works out these features—to provide all the answers is a little difficult.

Mr. Martineau: Surely the minister has made an analysis of the problems with which the new ministry would deal, before proposing the creation of it?

Mr. Ricard: Surely, Mr. Chairman, there must be a difference between 100, 200, 300 and 500? I cannot help but conclude that we are giving a blank cheque here, because the minister cannot say how many employees will be required. We have every confidence in the ability of the minister to conduct the department in a very orderly way, but we have nothing on which to base our estimates.

Mr. Martineau: We would like to know what the minister means when he says a modest requirement. What does he mean by "modest"?

Mr. Drury: Up until the end of this year I would think 100 additional would be an outside figure.

Mr. Baldwin: Would the minister consider that probably more are required now than before the events of the past 10 days?

[Mr. Baldwin.]

Mr. Drury: Well, in the last 10 days nothing has occurred, in spite of the insinuations of the hon. member, to make the numbers needed any larger, to carry out this job.

Mr. Prittie: Related to this question of the number of employees, I wonder will the staff of the Department of Defence Production be used in establishing this new department and operating it in its initial stages?

Mr. Drury: Mr. Chairman, assistance will be sought from the present staff of the Department of Defence Production in the organizing of and providing advice to the new department, and in providing some of the skills required to produce the solutions that are needed. As I tried to point out earlier, full advantage will be taken of the talents, facilities, knowledge and skills which now exist in the Department of Defence Production in relation to specialized industrial areas. Use will be made of those talents and skills rather than duplicating them in the new department.

Mr. Churchill: Mr. Chairman, in his earlier remarks the minister, in answering the question which has been raised previously about cutting down on the Department of Trade and Commerce and transferring its functions to the new department, attempted to make out a case for a closer connection—as I understood him; and I do not want to misquote him at all—between the Department of Defence Production and industry than exists between the Department of Trade and Commerce and industry. I am not satisfied that this is the case. I was talking yesterday about weakening the Department of Trade and Commerce by cutting out from it a large and effective branch now called domestic commerce under an assistant deputy minister, with four branches underneath that, the standards branch, the industrial promotion branch, the small business branch and the industrial design branch, all of which have a direct bearing on industry in Canada.

My argument was that we have, in effect, functioning a department able to do the work which is suggested for the proposed new department. I consider it is a mistake to disrupt the organized work of the Department of Trade and Commerce by creating this new department of industry, which involves drawing away from the Department of Trade and Commerce some of the skilled and capable personnel who are already there, breaking a link between industry and that department which has already been strongly established, and trying to set it up again. Here you will have a new minister, a new deputy minister and a new department starting more or less from scratch making contact with industry and determining what are the requirements

for government assistance to industry. The minister indicated, I thought, that the Department of Defence Production has a closer link with industry than has the Department of Trade and Commerce, and I question that very much.

What does the Department of Defence Production do? It gets its instructions from the Department of National Defence. I remember the late Right Hon. C. D. Howe telling us here years ago that the Department of Defence Production simply carried out the instructions from the Department of National Defence. That was when he made the famous statement that if they wanted a gold plated piano, the Department of Defence Production would have to procure it for them. But what does the Department of Defence Production do? It allocates the orders to fulfil the requirements of the Department of National Defence, and of course it comes in contact with a large number of industrial concerns in Canada. In the estimates for the fiscal year 1963-64 for the Department of National Defence, under the heading of procurements, adding together the three services there is a placement of orders amounting to about $300 million. In the Department of Defence Production's estimates there is an allotment of $10 million for development projects. Therefore to that extent the Department of Defence Production has a link with industry in the country. However, as I pointed out yesterday when quoting figures from the dominion bureau of statistics, there are in Canada almost 37,000 establishments in the field of manufacturing and the gross value of products in 1959 was $23 billion. That may be quite a bit higher now; I have not the latest figures. So the Department of Defence Production is only touching a segment of the industrial framework of Canada, whereas the Department of Trade and Commerce ranges over the whole field and has contact with industrial establishments and the manufacturing industry right across this country.

That was the purpose some years ago—I think it was in 1957 or 1958—of our establishing the small business branch within the Department of Trade and Commerce, to make contact with the thousands of small businesses across the country. This is a much more wide-ranging contact with industry than has the Department of Defence Production. I do not suggest that the Department of Defence Production is not doing good work with industry, and certainly with heavy industry, but there are other departments which similarly have contacts with industry in this country. The Department of Public Works is constantly letting out contracts for one thing and another; certainly it has a great interest in the manufacturing industry. The Department of External Affairs in administering the Colombo plan allots contracts each year running to about $35 million.

Mr. Drury: Mr. Chairman, I do not want the hon. member to make a mistake. The Department of External Affairs places its contracts through the Department of Defence Production for the Colombo plan.

Mr. Churchill: This is a new—

Mr. Drury: This has been done for the past five years.

Mr. Churchill: Mr. Chairman, the minister is speaking with the voice of authority, but I happened to have the administration of the Colombo plan under my jurisdiction for a considerable period of time. Therefore may I just correct him and say that has not been the case. It may, within the last year or so, have been worked that way, but it was not the case before; the administration of the Colombo plan and the allocation of the contracts came under the Department of Trade and Commerce while I was with that department. Then it was at my suggestion, in cooperation with the secretary of state for external affairs, that the allocation of the contracts was transferred to the Department of External Affairs. It may have been by arrangement and agreement that the Department of Defence Production has assisted in allocating the contracts within the last year or two. I am not speaking without some experience of these matters, and I am sure the minister will take that into account.

My point is this. As important as is the Department of Defence Production, it is not such a major link with industry in this country as the minister was trying to make out when he was attempting to build up a case for the department of industry, with the assistance of the Department of Defence Production, describing it as the link with industry in this country and, in effect, cutting away from the Department of Trade and Commerce the work that has previously been done and is being done so effectively by that department. My argument yesterday, and I continue it today, is that this is a mistake, in that a very strong department, trade and commerce—which could be called industry and commerce—is being weakened by this proposal. As the Leader of the Opposition pointed out this morning, this idea arose, apparently, some years ago, in the mind of the present Minister of Finance. His program, enunciated in some of his writings, has now been placed before parliament without a careful consideration of parliamentary procedure and the methods by which government is carried on in this country. The hon. gentleman

took an outside point of view and every person in this chamber, if he is frank, will now agree that the hon. gentleman has revised some of his opinions on how parliament operates. I think all of us, years ago, before we were elected to this chamber, had a very different view as to how governments and parliaments function than we have now, when we are experienced in the ways of this chamber. The Minister of Finance, when he was unaware of parliamentary procedure, sold this idea to the Liberal party, used it during the election campaign and encouraged people to think that this motion could be put into operation almost overnight. Consequently, we have bills such as this before us composed of ideas formulated before the Minister of Finance entered the parliamentary scene. I think he would now be prepared to revise some of his opinions, not only with regard to this matter, but with respect to some other matters following the experience he has had.

I am suggesting that this is hasty, ill conceived legislation proposing a new department to fulfil a function which is already being carried out by the Department of Trade and Commerce. I agreed yesterday, and I agree today, that extra emphasis on industry in Canada is welcome. We are not objecting to that at all. But when this extra emphasis could be applied through a department which is already a going concern, we think both time and money are being wasted. A new department cannot be created in a week or in a month. We have never claimed that the Department of Forestry became effective within a month of the passing of the bill setting it up. We have never claimed that some of the boards we set up became effective within a month of their being constituted.

An hon. Member: Sixty days.

Mr. Churchill: I recall that when we set up the national energy board, one of the best boards of its kind, the board required some time to get organized, to engage officials to assist members, and, generally, to get sorted out.

Mr. Pickersgill: Would the hon. member permit a question? Does he recall that the national energy board, also, was recommended by the present Minister of Finance?

Mr. Churchill: I was in the fortunate position, when I piloted through the house the bill setting up the national energy board, that I did not know the present Minister of Finance except by name. Even then, I was not impressed by some of the things he was doing and I am very much less impressed now that I have seen him sitting opposite in this chamber. He may have had an idea with regard to the national energy board, in which case I compliment him on having had at least one good idea in the course of a lifetime. He has had a lot of bad ideas since. Has the hon. gentleman any other questions?

For the reasons I have given, the proposals bandied about during the election campaign that a department of industry would be set up within 60 days and that there would be a great development of industry in Canada are misleading, because, first of all, the 60 days have elapsed without this having come about, and in the second place the bill has been very hastily drafted. If it is passed as it now stands and if a department of industry is set up as suggested by the government it will not be able to function effectively for a considerable time. So little faith, indeed, have hon. gentlemen opposite in the functioning of this new department that they have made provision for temporary appointments. Once again, they are saying, in effect, that the civil servants of Canada are not competent to do this job. I say that the civil service of Canada, as I know it in the Department of Trade and Commerce, is competent to do this work and to carry on with it. There is no need to appoint these temporary assistants who are supposed to have some specialized knowledge. I do not accept the case which the minister was attempting to make that the Department of Defence Production is in a better position to make contacts between industry and government circles than the Department of Trade and Commerce. I do not accept that. I think it is wrong.

Mr. Gray: Is the hon. gentleman aware that the president of the Canadian Manufacturer's Association recently said that the new department of industry is a concept they have long advocated?

Mr. Monteith: On a point of order, I wish the hon. member would read the article by Mr. Whitelaw, the general manager, which points out that they did not recommend a new department but simply the strengthening of the branch which exists within the Department of Trade and Commerce.

Mr. Gray: I might say I am quoting from a speech given by a member of the opposition when this question was being discussed on the resolution stage as reported at page 1174 of *Hansard*.

An hon. Member: Get it up to date.

Mr. Churchill: The question has been answered effectively by my hon. friend.

Mr. Teillet: Why not answer it yourself?

Mr. Churchill: I would give the same answer. I know Mr. Whitelaw. I know what they have considered with regard to the development of industry in this country.

My hon. friend from Perth, as appears on page 1644, quoted the general manager of the Canadian Manufacturers' Association, Mr. J. C. Whitelaw, Q.C. as saying:

> At the same time, the association has made it clear—

Mr. Drury: I wonder if the hon. gentleman would consider starting earlier in the quotation.

Mr. Churchill: I do not mind.

> This role amply justifies the government proposal to establish a full cabinet voice for the manufacturing industry through the designation of a minister and department of industry.

Some hon. Members: Hear, hear.

Mr. Drury: I am sure the hon. member does not know that was dated May 3, 1963. I think the hon. member for Digby-Annapolis-Kings pointed out that this had been the view of the association in the past, but that it had not been put forward more recently.

Mr. Monteith: This is from the 92nd annual report of the C.M.A.—the same thing we are talking about.

Mr. Churchill: I wish to start again so that this will be reported in *Hansard* without interruption and so that those who read *Hansard* will have a clear story. The hon. member for Perth, as reported on page 1644 of *Hansard*, says this:

> I should like to point out that the Canadian Manufacturers' Association, in their report of the 92nd annual general meeting, do recommend a department of industry: but the general manager of that organization, Mr. J. C. Whitelaw, Q.C., added these remarks:
>
> This role amply justifies the government proposal to establish a full cabinet voice for the manufacturing industry through the designation of a minister and department of industry.
>
> At the same time, the association has made it clear that it does not advocate the creation of yet another ministry and department, believing that the appropriate ends could be accomplished by reorganization and re-emphasis of existing facilities.

Mr. Pugh: Laugh now.

Mr. Pickersgill: Could I ask the hon. member a question? Is that not precisely what is being done by this bill? It is reorganizing the Department of Defence Production precisely as the Canadian Manufacturers' Association recommended.

Mr. Pugh: What about trade and commerce?

Mr. Churchill: It is attempting to effect a very serious depletion of the Department of Trade and Commerce. It is not reorganizing the Department of Defence Production but just tagging it along in the new department. As I pointed out on the resolution stage, the government has failed to pay attention to the Glassco commission report which suggested an entirely different function for the Department of Defence Production. So once again this government has blundered along in great haste in order to make a show of doing something, and it is making a mistake.

I should like to ask the minister to tell us the effect that this is going to have on the Department of Trade and Commerce. I regret that the Minister of Trade and Commerce is not here today during the passage of this bill to give us his views so that we can hear what he says about the cutting down of his department.

Mr. Drury: I may say that for some considerable time now the present Minister of Trade and Commerce has publicly and privately fully endorsed the idea of a new department of industry, and the incorporating into it of certain of the domestic functions of the Department of Trade and Commerce as is proposed by the bill. I want to make that perfectly clear. If it would satisfy the hon. gentleman, I am sure the Minister of Trade and Commerce would be glad, were he not otherwise engaged on government duties, to come here and say this himself. He was one of the first to endorse this idea.

Mr. Churchill: Mr. Chairman, naturally I and every hon. member accepts the statement of the minister. I accept his suggestion; but I should like to hear in this chamber the views of the Minister of Trade and Commerce with regard to setting up the department of industry and cutting down the activities of his own department. I will be very much surprised indeed if he will publicly in this chamber give his approbation to this scheme. In effect he will have to say, if he repeats what has been said by the minister, that the Department of Trade and Commerce as it is now organized should be cut down by one quarter or one half. In effect he will have to say that he cannot accept responsibility for the branch of the Department of Trade and Commerce dealing with domestic commerce; and he will have to say that he does not feel very happy about the Department of Trade and Commerce and that he is content to see a section of it, almost half of it, cut away from him. If he is prepared to say that in this chamber, of course we will have to accept it, but we will express our regret that the present Minister of Trade and Commerce takes that view of his department.

I doubt very much if any minister of any department at any time has willingly surrendered any portion of his department. It is not human nature to do things of that kind. In this particular instance the taking

away from the Department of Trade and Commerce of the domestic commerce branch is cutting out a very vital part of it. Because, as I attempted to point out the other day, there is integration among those branches, and the branch that deals with domestic commerce is also closely linked with the branch dealing with export trade and so on. So this is why I consider this truncating of the Department of Trade and Commerce to be a very serious matter.

Mr. Pickersgill: I wonder whether the hon. gentleman will permit me to explain why the Minister of Trade and Commerce is not here today. He regrets it very much, but the Minister of Trade and Commerce is in Winnipeg discharging a duty which was given back to that department, having been stripped away from it by the previous government because they were not willing to trust it to the former hon. member for Broadview.

Mr. Churchill: In days gone by a former minister of agriculture under a Liberal government, the Right Hon. "Jimmy" Gardiner, always advocated that the functions of the wheat board should be discharged by the minister of agriculture. But there was a conflict of interest in the cabinet of those days and the late C. D. Howe insisted on retaining the functions of the wheat board under his jurisdiction in the Department of Trade and Commerce. Eventually disaster overcame the Liberal government because of that decision. I just sound a warning to the present Minister of Trade and Commerce that some difficulties may face him with regard to assuming once more the duties of the wheat board. It worked very well under the Department of Agriculture for the last two and a half years. Why was the sudden change made? The minister has raised this question. Why was the sudden change made? It is like a sop, because the section dealing with domestic commerce is going to be taken away from the Minister of Trade and Commerce and put into a new ministry.

But I have been prevented by this question from asking the minister to let us know whether the four branches under domestic commerce in the Department of Trade and Commerce are going to be transferred to the proposed new department, namely the standards branch, the industrial promotion branch, the small business branch and the industrial design branch. Let him tell us whether those four branches are being transferred to the new department. Is the assistant deputy minister who has had charge of those branches moving over at the same time? How many of the personnel of those branches will be coming along with him, and has this been thought out, decided upon and planned? I should like the minister to let us have information with regard to that.

Mr. Drury: Mr. Chairman, I do not think the hon. member who has just spoken can know the Minister of Trade and Commerce very well. He suggests that when one becomes a minister the inevitable preoccupation of such individual is to hang on as tenaciously as he can to all the functions with which he finds himself endowed and not let them go, and that this is the motivation of ministers. I will not talk about myself, but I know the present Minister of Trade and Commerce and I might say that in looking at his duties this is not his motivation. His interest is to see that the things the government of Canada should do are done in the most effective manner. It is for this reason and not because of a preoccupation with retaining an empire that he agrees with the establishment of the new department of industry.

In answer to the hon. member's question, the branches which will be transferred, together with the assistant deputy minister, would be all those he mentioned with the exception of the standards branch. The reason that the standards branch will remain with the Department of Trade and Commerce is that the operations of that branch have more relation to external trade than they have to manufacturing industries in domestic commerce in Canada. But three of the four branches together with the assistant deputy minister, for whom I personally have the highest regard, under the Public Service Rearrangement and Transfer of Duties Act will be transferred to the new department.

(Translation):

Mr. Martineau: Mr. Chairman, I should like to ask a few questions of the minister along the same line. On the motion for second reading of the bill, he said that one of the objectives of the new department would be to make known to industry the services supplied by the federal government.

I believe that it was precisely the purpose of the small business branch. Could the minister tell us whether the new department will perform duties other than those which are exercised at present by the small business branch in the Department of Trade and Commerce?

And a little further he said:

> In order to provide for an efficient liaison between the department and the provincial governments and the industry in the various areas of Canada, it is intended to open branches in the major regional centres.

I should like the minister to tell me how many of these branches will be established.

He stated also that the new department would help to find a way to manufacture in this country a number of products which are imported at the present time. Therefore, Mr. Chairman, I contend that those are precisely the functions which the Department of Trade and Commerce discharges very effectively. It is much more the responsibility of the Department of Trade and Commerce to concern itself with domestic manufacturing and to try to increase it in order to improve our foreign trade. He said that it was difficult to separate one from the other and that another function of the new department would be to pursue more vigorously some programs already implemented by the Department of Trade and Commerce.

That is precisely the crux of the matter. The programs that are proposed, and which the minister has studied, are those that have already been put into effect, and quite successfully, by the Department of Trade and Commerce, especially if one considers the way our foreign trade has kept up and increased during the past years.

The Prime Minister (Mr. Pearson) himself, when he presented that motion to the house, said that it was not anything new. Then if we do not make any changes, it would be better to leave things as they are, because the Department of Trade and Commerce has worked efficiently to the advantage of our industry and foreign trade.

There is another point that comes to my mind, and that is the name of this department. Its counterpart in the province of Quebec is called department of industry and commerce. Now, how are you going to translate that name into good French; department of industry?

Mr. Drury: I suppose that department of industry is translated into French as "ministère de l'industrie". In my opinion, that is relatively good French.

Mr. Martineau: And how is minister of trade and commerce to be translated?

Mr. Drury: This is not my problem, and it is not up to me to solve it. For the time being, I am dealing with the department of industry. If the hon. member wants to deal with those special problems, I must say that it is not my job to solve them.

The hon. member mentioned the small business branch which comes under the present department. It is obvious that in this field, our means might be the same as those of the provincial governments. It is particularly with regard to local small businesses that we may come in conflict, but I shall take the necessary steps to prevent any conflict and to work in agreement with the provincial governments.

Even in matters of detail, we shall try to avoid duplication of efforts and of the work carried out by the departments of industry, both federal and provincial. We shall strive to expand and to make more effective the present activities of the Minister of Trade and Commerce and of his officials in the field of industry.

Mr. Pigeon: I should like to put a very important question to the minister, which will affect perhaps the future of the bill.

The bill actually provides that the federal government may enter into agreements or arrangements with the provinces. Does this mean that the federal government wants to set up joint programs? Is this what the minister means in this bill by agreements, which would be some kind of joint programs with one or several provinces?

Mr. Drury: "In agreement", as we say in English. For an agreement to exist, the two parties must agree on something. Consequently, if both parties are in agreement on something, there is no reason to complain.

If you speak of programs on which the parties concerned do not see eye to eye, you cannot say that they are in agreement since there is nothing they agree upon.

What we are looking for, is to be always in agreement with the provinces.

Mr. Pigeon: Mr. Chairman, the question is that there have been other such agreements with the provinces in the past and the latter were often dissatisfied.

I can give you the example of New Brunswick which criticized the joint programs just like the province of Quebec and other provinces. The premier of Newfoundland, Mr. Smallwood, has at times complained about certain agreements with the central government.

That is why I say that, as has been proven by past experience, justice has never been entirely done by the federal government through those agreements.

Mr. Drury: If the hon. member means that the federal government in the last five years has never cared about it, I agree entirely with him and we see eye to eye.

An hon. Member: That is why you have been defeated.

Mr. Drury: But here, I am referring to agreements. We may agree with someone but circumstances may change and we must endeavour to reach another agreement, and that is what we should do.

An hon. Member: You mean a dialogue.

Mr. Drury: Yes, a dialogue.

Mr. Ricard: Mr. Chairman, the minister's comments prompt me to ask him another question to wit, whether the jurisdiction of his department has been or will be jointly studied with the corresponding provincial department of other provinces.

Mr. Drury: It has not been studied, but I am convinced that if I show goodwill to my opposite numbers of other provinces, and if they reciprocate, we will have no great difficulty in reaching an agreement.

Mr. Vincent: Mr. Chairman, I should like to direct to the minister a question which comes to my mind when I see the three ministers on the front benches. Does the government intend, when appointing a commissioner and a deputy commissioner for area development, to select persons who have already been active in politics in order to replace the officials who have now gone into politics? Because I see in front of me the hon. member who was formerly deputy minister of justice, the member who was deputy minister of national defence and, last but not least, the former secretary to the privy council. Can the minister tell us whether the government intends to appoint to these offices of commissioner and deputy commissioner for area development, persons who have at a certain time been active in politics?

Mr. Drury: Certainly the present government has no intention to act in this way. These officials will be chosen for their qualifications and their technical competence irrespective of their opinions or even their past political activities.

Mr. Vincent: Even if they are Conservatives?

Mr. Dupuis: If they are competent.

Mr. Drury: In my opinion, that is evidence of poor judgment, but it may be overcome.

Mr. Martineau: Mr. Chairman, I was pleased to hear the minister speak of the consideration and the goodwill he has shown the provincial ministers. I wonder whether he was so tactful as to submit the bill now before us to his provincial colleagues of the industry and commerce department?

Mr. Drury: No, Mr. Chairman, we did not submit it because I think that the bill does not involve any conflict of jurisdiction with my provincial colleagues.

Mr. Martineau: Mr. Chairman, the minister may think there could not be any conflict; however, his provincial colleagues may think otherwise. Would the minister not agree that it could be beneficial to have consultation before discussing this bill which could infringe on the jurisdiction of the provinces even though the minister does not share that opinion? After studying what has been done in the Quebec legislature, we find that the minister's understanding of autonomy is not necessarily shared by the provincial administration.

(Text):

Mr. Leboe: I should like to ask the minister a number of questions, and I should like to hear from him whether he wishes to have them one, two, three, or if he wishes to answer them individually. Perhaps the minister could answer them individually.

First of all, I should like to refer to his statement that automation was a dilemma and the answer to this was accelerating greatly industrial growth. In connection with that statement, I should like him to tell the committee whether he believes that the purpose of industry is to provide jobs, or is the purpose of industry to provide goods and services?

Mr. Drury: Both.

Mr. Leboe: Yes, but which should have the emphasis? I know that if you provide the goods and services, the jobs follow. However, as a person who has been in industry for a good many years I feel, and I am wondering whether the minister feels the same way, that the purpose of industry is to provide goods and services of the highest quality at the lowest possible price, and incidental to this is the matter of jobs. Would he agree with this statement?

Mr. Drury: I would not agree with it in the way in which it is phrased. The ideal, obviously, would be to have an industrial structure which employs everybody who is seeking a job, even at the expense of some efficiency in the production of goods and services in terms of cost. Unfortunately, if one, by reason of employing too many individuals and too little in the way of automation, allows costs to rise, the demand for those goods is diminished. It is demand which is the

effective creator of jobs. Demand will go down as costs rise, and where you strike a balance is changing continuously. You must strike a balance between efficiency of production, and consequently remain competitive in world markets, and the provision of jobs.

Mr. Leboe: I must say at once that I do not agree with the minister at all. I recall under a former Conservative government many years ago, there was a great, massive machine on the shoulder of the highway which four gallons of gasoline would have moved out of the road so that 200 men with wheelbarrows and shovels could have gone in to work. However, they spent two days with a block and tackle to move this machine out of the road so that they could get the men with the wheelbarrows and shovels in to work. This illustrates the minister's statement, and I must say at once it is a statement with which I do not agree. The purpose of industry must be the production of goods and services.

The principle that is in the bill is in the minds of the people who are going to take the powers of the ministry, and they feel it is a matter of jobs. We have millions of jobs waiting. We have schools to build, roads, bridges, sidewalks, sewers, sustained yield forestry operations; we have a tremendous amount of work to be done that does not involve industry. The minister brought out the point that if we will provide these jobs, then the public will become a market for the goods. As one who has spent a good deal of time in industry, I know that industry is quick to respond to a market. You will not need to worry about a department of industry at all if you get these 565,000 people back to work. We need to raise our standard of living. We could have poverty amidst plenty if the minister's ideas were put into effect.

Now, the acceleration of industry, about which the minister has been talking, is not going to be used to buy these particular goods, but will be used to pay the bills that are already contracted. If the minister feels that this is the role of the department of industry about which he is talking, I am certainly opposed to it. I think here we are looking towards some sort of regimentation if we follow the lines the minister has suggested, whereby we are going to improve our employment position at the expense of production. This is not right. This is wrong in principle. I believe that, on reflection, the minister would certainly agree. I would say that if he were to refer this matter to the Canadian Manufacturers' Association, a group of individuals whose prime purpose is the production of goods and services, they would not agree quite so wholeheartedly with him. They would support the point of view I take.

Now, I think the minister should at least give some indication that the emphasis of this new department will be directed towards the idea of automation to the extent that we will have a lot more labour working in the area of providing streets, universities, schools and hospitals that are so badly needed. There are many things, you know, that need to be done so far as Canada, incorporated, is concerned. If the minister will visualize Canada as a corporate body, he will see immediately that these things are possible within the framework of the labour force we have, the technological advances we have made in the past and which we have within our grasp.

(Translation):

Mr. Ricard: Mr. Chairman, can the minister tell us what method he intends to follow with regard to the staffing of the new department to be set up when the bill now before us is passed? By means of civil service competitions, or will the appointments be left to his discretion or to that of the officials of the new department? Briefly, what method will apply to the selection of the required staff?

Mr. Drury: Mr. Chairman, the new department will be administered in the same way as the other federal departments.

Mr. Ricard: Mr. Chairman, I would suggest to the minister to give us more information, because I think that he did not answer my question adequately. That he will proceed in the same way as in the other departments, is all very well, but it does not answer my question.

I would like to know whether the personnel will be appointed according to the competition system, under the civil service commission, or whether the choice will be left to the minister's discretion. To my mind, the answer is very simple, considering the two methods just mentioned.

Mr. Drury: Mr. Chairman, the appointment will be made partly in one way and partly in the other.

Mr. Ricard: Mr. Chairman, to mention only one or two instances, can the minister tell us how the commissioner and deputy commissioner will be chosen?

Mr. Drury: Mr. Chairman, in the case of the commissioner and the deputy commissioner, they will be appointed by the governor in council.

Mr. Ricard: So that, in fact, those appointments would be within the minister's jurisdiction?

Mr. Drury: No, Mr. Chairman, they are the cabinet's business.

Mr. Pigeon: Mr. Chairman, I would like to direct a question to the minister, and if he is agreeable, I can assure him that the bill under discussion will be carried much faster.

After five o'clock the house proceeds to the consideration of private members' business, and, more particularly, public bills. Will the minister promise the house that immediately after five, when the regular business of the house is through, he will sit down and write to all the provinces, and send them a copy of the bill? If we secured the provinces' opinion and suggestions, this legislation would be much more efficient, because it would reflect more accurately the provincial needs. I feel sure that such a course of action would serve the interests of the country's industry, as well as the cause of Canadian unity.

Should the minister react favourably to my request, he would get the full and unconditional co-operation of all the members on this side of the house. By postponing the debate on the legislation for four or five days, he would have sufficient time to write to the provinces, and obtain their suggestions and their views. I repeat that in so doing the minister would probably act in the best economic interests of this nation, for the success of his plans rests on provincial co-operation.

(Text):

Mr. Drury: I cannot agree with the hon. member that this would either serve a useful purpose or expedite the progress of the bill.

Mr. Ricard: I would like to ask another question of the minister with regard to the hiring of personnel. Let me take the example of an ordinary clerk. On what basis would such an employee be hired? Would it be through a competition conducted by the civil service?

Mr. Drury: Yes.

Mr. Monteith: Mr. Chairman, I would just like to remark that earlier this afternoon, following second reading, the minister made an attempt to answer some of the questions posed by myself and other hon. members during second reading. I do not accept those answers in their entirety, but I shall leave further argument until we come to the individual clauses of the bill.

However, I would like to ask the minister, who has had anything to do with the preparation of the bill? Despite the three wise men now sitting on the front benches, I am wondering if any of the three wise men from Toronto had anything to do with the preparation of the bill?

Mr. Drury: Mr. Chairman, the hon. member has been a member of a previous government and, as I understand it, has been a member of the house for some time. I have been here only a limited time and I am not fully familiar with all the rules, but it has been my understanding that it is a principle of public life that responsibility for ideas put forward is accepted by either a member or a minister, and neither is entitled to take refuge in claiming that these were somebody else's ideas. This, I understand, is not the procedure in public life anyhow, and further, that it is not proper to inquire of a minister who specifically advised a course of action. Now, if my understanding is incorrect I am prepared to stand corrected, but I do not think the hon. member really is asking me who suggested what in this bill.

Mr. Monteith: Then may I ask the minister this question: Was the bill prepared by the law officers of the crown in the normal way?

Mr. Drury: I am not quite sure what the hon. member's definition of "normal way" would be, but I can say this bill was prepared by the law officers of the crown.

Mr. Winkler: Following that line of questioning, and inasmuch as my understanding is that this bill was fostered to some degree by the thinking of the present Minister of Finance, and maybe his assistants, I am wondering if possibly some further consideration might be given to the cabinet giving further consideration to the bill? As a matter of fact I have an article in front of me from this afternoon's Ottawa *Citizen* which suggests there may be a switch in those portfolios. I do not know how authentic this is, but it states that possibly one minister, whose thinking this was maybe, is leaving the treasury benches, and it might be wise to give it further consideration.

Mr. Drury: That is a suggestion, Mr. Chairman, that gets us nowhere at all. The cabinet has not the slightest interest in reviewing this bill.

Mr. Pugh: I am not quite sure of the sort of basis of expansion that the minister has been talking about. For instance, where has the Department of Defence Production fallen down? Has there been any trouble in getting orders, or getting manufacturers to submit bids, as the department stands now? Are there any specific instances which should be improved?

Mr. Drury: It is not suggested, and I hope I did not suggest there had been any falling down on the part of the Department of Defence Production, or that it had in any

way been inadequate in performing the functions for which it was designed and organized. I did suggest that the department was being looked at, in the light of the recommendations made by the royal commission on government organization, with a view to extending its functions into another field. But, this is not to suggest that the Department of Defence Production has been in any way delinquent or inadequate in performing its job. I had no intention of saying that, if indeed I did convey any such impression.

Mr. Pugh: Then, dealing with the Department of Trade and Commerce, the suggestion is that certain portions of that department are going to be moved over to the new department of industry. Would the minister delineate those, and also explain why they would be better off in industry than trade and commerce?

Mr. Drury: I hope, Mr. Chairman, I will not have to do this again, as I did it about 15 minutes ago. Three of the four divisions at present under the jurisdiction of the assistant minister of trade and commerce for domestic commerce are being moved over to the new department of industry. Of the four divisions under his present jurisdiction, the only one that is remaining is the standards branch, whose functions are more directly and more importantly related to external trade than they are to the domestic manufacturing industry.

Mr. Pugh: Mr. Chairman, I was listening to the minister's explanation and one of the objectives which he expressed was to intensify and expand—I believe these were the words he used—the whole of our industrial complex, or whatever one likes to call it, with this new department. How would this department do that as against the present Department of Trade and Commerce? I am thinking back. Is the minister going to cut out trade fairs, and the like, as they have been set up in the last two years by the department, bearing in mind the results these had on exports in 1961 and 1962 and our credit balance?

Mr. Drury: Mr. Chairman, all the functions the Department of Trade and Commerce have been carrying on in relation to trade promotion, such as export conferences and similar activities, will continue to be carried on by the Department of Trade and Commerce, which will continue to have that name. The intensification planned in the operations of those divisions which are coming over to the new department—which will mean an addition of the order of, initially, some 100 personnel—will enlarge and intensify the work of those who have been concerned with the promotion of the domestic manufacturing industry. This will in no way conflict with or reduce the efforts of those who have engaged in the promotion of external trade; that will remain with the Department of Trade and Commerce.

Mr. Pugh: Continuing on this line, Mr. Chairman, what would be the liaison between the Department of Trade and Commerce and the department of industry? I am thinking along the line of our hoping to increase manufacturing and output both for the home market and for export. Where would the liaison come here?

Mr. Drury: The liaison will be at all levels, starting with the cabinet committee on economic policy and going right down to the hierarchy.

Mr. Leboe: Mr. Chairman, I wonder if I could ask the congenial minister, first of all, when he rises to answer the question I posed to him as to what the emphasis was going to be, because I am still interested in the emphasis of this department. I would also like to ask him whether he believes that the ideal position in Canada as related to this department and the Department of Trade and Commerce, according to the statement he made, is to have imports and exports in balance. I mean multilaterally; I am not speaking about unilaterally.

Mr. Drury: The ideal position obviously would be to have a balance in respect of our payments. It is the payments, rather than exports or imports of commodities, which are of significance. In the export and import field one has to consider not only commodities but the invisible items, such as the tourist trade, freight, shipping and assorted monetary payments such as dividends, interest and the flow of capital. So what one would hope for is that we would be able to move as rapidly as possible to a position of balance in respect of our total payments. In so far as we are committed, and are likely to be for some time, to a net deficit in respect of interest and dividends, this means that some of this deficit has to be made up by a favourable balance in respect of commodities, tourist and freight.

Mr. Leboe: On the same question, Mr. Chairman, the minister followed along the line I had in mind when he referred to the balance payments, because I consider that with regard to imports and exports the paper is a guarantee that some day the goods will come back. If I have one of your dollars, sooner or later you will want it back again and I will trade it back for some goods.

I take it that the minister agrees that in the total over-all picture the ideal position is a balance of exports and imports, including paper, interest, dividends, and so on. If

that is true, the minister's statement that the department of industry was going to emphasize the building of industries in Canada which would produce goods and services now imported would in effect, I believe, mean that we are going to cut down on our imports. If this is true, taking a static position as far as growth is concerned, at the moment, it means that our exports must, if we are going to be working toward an ideal situation, decline as well, because if we do not have our exports decline we are going to be in the position of "it is the monkey that scratches that has the fleas". In other words, we are going to have the paper and somebody else is going to have our goods until they come after our paper and we get the goods back again. If we are to assume that the position the minister has stated is correct, that the total balance is the important thing—and I think that is right—surely we must recognize the fact that if we export more goods than we import, we are actually poorer, because the goods are gone and we have only paper until we get the goods back. As I have said before, if you have a Cadillac and would like to export it to me, I will give you the paper; I will wear out the Cadillac and you can wear out the paper.

Mr. Winkler: Mr. Chairman, further to the remarks I made earlier, the answer I received from the minister was indeed very interesting, particularly when he said he did not think his cabinet colleagues would be remotely interested in considering the terms of this bill further. I think that up to this moment some rather constructive suggestions have been made, and the question I would like to put to the minister is this. I am wondering whether he had the agreement or the good wishes of both the ministers concerned in this particular case, the Minister of Finance and the Minister of Trade and Commerce, in the promotion of this bill; and did they agree with the change that is going to take place, particularly the Minister of Trade and Commerce? Did he agree with the transfer of this part of his jurisdiction?

Mr. Drury: Surely, Mr. Chairman, this is what is defined under the house rules as a hypothetical question.

Mr. Churchill: Mr. Chairman, I would like to draw attention to what the hon. member for Grey-Bruce said just a moment ago and the rather unusual statement of the minister, which I wrote down, "The cabinet has not the slightest interest in reviewing this bill". May I say in all kindness to the minister, based on some experience here, that this is not the best approach toward getting legislation through the house. There are other ways of getting legislation through than simply brushing aside the suggestions of an opposition. It does not matter what the government may think of the opposition; the opposition sometimes considers that it is putting forward constructive suggestions for improvement, and a government, surely, should be interested in having placed on the statute books a bill which will stand up under usage and will not have to be amended immediately at the next session of parliament.

Therefore when the minister says the cabinet has not the slightest interest in reviewing this bill, this is rather discouraging to members of the House of Commons who are giving serious consideration to this matter and are trying to persuade the government to do exactly what the minister says they are not going to do. What position does this put us in?

Mr. Drury: I accept the chastisement which I merited. Perhaps I spoke a little hastily when I said the cabinet has not the slightest interest in reviewing this bill. It was in the context, not of specific suggestions as to ways in which the bill might be changed or looked at again, but in the context that there was to be a shake up in the cabinet and that different ministers might have different points of view in looking at it. It was with this in mind I made the statement I did.

If hon. members have specific suggestions to make in relation to the clauses of this bill, none of which we have looked at yet, I will be glad to see that those specific suggestions are given every consideration.

Mr. Winkler: I had thought there were terms in the bill which might be in the nature of directions and I wanted to make sure there was a degree of co-operation about these things. That is the reason I brought up this subject. I hope this question of ministerial discretion will be looked at closely, because many people throughout the country are concerned about it. Indeed, representations have been made to me about this matter. Thus, I hope the government will see to it that these powers of ministerial discretion, which are broad at this moment, are re-examined.

Mr. Olson: There is one aspect of this subject which interests me. The new minister is supposed to have all the powers of the Minister of Defence Production. Is it the intention of the government to invest in this new department the power to become a general procurement or purchasing agency in respect of all the goods required by the three branches of the armed services?

Mr. Drury: No, that responsibility for planning and for providing for the goods and

services required by the three armed services will continue to be carried out by the Department of Defence Production.

Mr. Olson: But was it not envisaged that responsibility for procurements and purchases of this kind was to be vested in the new department?

Mr. Drury: I do not think Mr. Glassco was making reference to purchases for the armed services. He had reference to purchases now made, I think, by other departments of government. It is this particular recommendation, to which I made reference some time ago, that we are now examining to determine the extent to which it can be implemented by extending the range of activities by the Department of Defence Production.

Mr. Olson: Does the minister not feel there would be an opportunity for substantial savings if there were a purchasing agency to look after the needs of the armed services so that there would not be overlapping? There have been cases of the army having a thousand years supply of underwear, and so on. Could not waste of this kind be avoided?

Mr. Drury: Having just been admonished for proceeding, it is said, with too much haste and an ill conceived bill, it would be inappropriate for me to express an opinion on a subject which is now under study. I hope the hon. member is not asking me to prejudge the conclusion of the people who now have this under consideration.

Mr. Olson: The point is, we have recommendations before parliament by a royal commission which spent over $2 million, and now we are setting up a new department and vesting in it the powers of the old Department of Defence Production. I think those recommendations included the suggestion that this department and the minister should be a central purchasing agency for the armed services. Now it seems to me that to amalgamate these two departments and leave out the purchasing agency concept would be to ignore the recommendations which have been made to save the taxpayers of Canada some money.

Mr. Drury: I do not think any step is now being taken which will in any way inhibit the full implementation of the recommendation of the Glassco commission.

Mr. Olson: I take it there will be one minister for the two departments and perhaps two or more deputy ministers. While we may not be inhibiting action to set up a central agency, I suggest we are now dealing with a department which is recommended as a purchasing agency, and that this is an appropriate time for the committee to have the government's thinking on the subject. It is also the proper time, I would think, for us to have some indication of positive and immediate steps which the government intends to take with regard to saving some money on the purchasing of material for the armed forces. The minister has said the government is going ahead with some of the recommendations made by this royal commission. At the same time, some of the functions of the Department of Defence Production are being watered down and, I am disappointed to learn, one of the most important recommendations of the royal commission is not being followed.

Mr. Drury: I would point out to the hon. member that what is under discussion here is the formation of a new department of industry. The department of industry will not have responsibility for the procurement of goods and services for the three armed forces. That is quite clear according to the terms of the bill.

Mr. Olson: But it is the responsibility of the minister of the department.

Mr. Drury: That is entirely correct, but if a distinction could be made I should be speaking here in my capacity as minister of industry and in relation to the department of industry and we should not, I hope, lead to confusion by considering at this time possible amendments to the Defence Production Act, because it is conceivable that to carry out the suggestions of Mr. Glassco the Defence Production Act would require amendment. That is not, at the moment, under consideration. I hope we will not confuse things by mixing up future considerations with the provisions of the bill which is now before us.

Mr. Olson: This brings me to the crux of the matter. I believe the functions now performed by the Department of Trade and Commerce have far more in common with the department of industry. Then on the other side of the picture the Department of Defence Production as constituted now has responsibilties far more in common with the recommendation of the setting up of a central purchasing agency for the armed services, and perhaps other departments. Therefore what in effect we are doing is lining up departments in the wrong areas.

At the resolution stage I said we would be doing Canada a better service by incorporating the Department of Trade and Commerce in an expanded department of industry, calling it a department of trade and industry, rather than bringing the Department of Defence Production into the department of industry. It seems to me that trade

and industry go together and have far more in common than either has with defence production. I am rather disappointed, Mr. Chairman, that the attitude seems to be to bypass some of the best recommendations of the Glassco commission for the time being, and perhaps for a long time. I do not like to be repetitious but it seems to me that defence production and a central purchasing agency is a natural combination. On the other hand, I think industry and trade also naturally go together. I am disappoined that we are now going to separate these departments, because the way they are to be set up now will mean that they have half as much in common as they would have under the suggestion I have made.

The Chairman: Shall clause 1 carry?

Mr. Monteith: Just before the clause carries, Mr. Chairman, may I ask a question simply for clarification. As I understand it, the minister will have a deputy minister of defence production, a deputy minister of trade and a commissioner for area development all reporting directly to him?

Mr. Drury: There will be a deputy minister of industry rather than a deputy minister of trade.

Mr. Monteith: I meant industry, I beg your pardon.

Mr. Drury: And a commissioner of the area development agency; that is correct.

Mr. Monteith: And all three will be reporting directly to him?

Mr. Drury: That is correct.

Mr. Nasserden: Would the minister say whether there is any significance arising out of the fact that under clause 8 of the bill the duties of the minister—

Mr. Drury: The hon. member is referring to clause 8 so may we wait until we reach it. We are only on clause 1 at the moment.

Mr. Nasserden: Then I have another question I want to ask. The minister said that the government wanted a closer connection between the Department of Defence Production and the new department of industry. Does that indicate that there will be a change of accent to promote a greater armaments program in Canada?

Mr. Drury: No.

Mr. Olson: Could the minister tell us how many, if any, of the crown corporations will be responsible to this new department?

Mr. Drury: The new department will have no crown corporations responsible to it at all. The whole scheme of the department is laid out in the bill; as the hon. member will see there are no crown corporations involved here.

Mr. Lambert: In any event, though, the minister will be responsible to parliament for a number of crown corporations, I take it, those for which he now reports in his capacity of Minister of Defence Production?

Mr. Drury: That is correct.

Mr. Barnett: Mr. Chairman, I am not concerned at the moment with the discussion which has gone on about the relative merits of establishing this department and how it will overlap with the Department of Trade and Commerce or the Department of Defence Production, but I should like some clarification of what the government has in mind as to the scope and ambit of this department with reference to its title and to what might be considered restrictions in the terms of the bill. The bill is respecting the department of industry; but in clauses 6 and 7 where the duties and powers of the department and minister are generally set forth reference is made only to manufacturing industries. I have checked the definition clause of the bill and there is no definition of a manufacturing industry. From time to time in this chamber we have considerable discussion about primary industry, secondary manufacturing industry, and so on. I wonder whether the minister could give us the thinking of the government in regard to what is the definition of a manufacturing industry. When does an industry become a manufacturer?

Perhaps I should just indicate what I have in mind by using an example, say in the mining industry. If a man is taking out raw ore and shipping it, is he manufacturing it? On the other hand, if he has a concentrator which manufactures the raw ore into a concentrate, does he then become a manufacturer, and would his manufactures come within the scope and the interests of this department, and whatever it is the department is attempting to do? Quite frankly, I might say while on my feet that I do not consider the introduction of this bill or its passage through the house to be quite of the earth-shattering importance that the hon. member for Winnipeg South Centre, for example, appeared to consider it to be. However, I should appreciate this clarification at this stage from the minister.

Mr. Drury: I have no definition of manufacturing industry, but I will undertake to get it if the hon. member will accept it a little later on. Generally speaking, manufacturing industry in Canada as contemplated here relates to those industries or industrial operations which process raw material. In

this sense it would not include, as has just been pointed out, the extraction industries which merely remove ore or some similar product and, without a fairly intensive degree of processing, dispose of it. That in itself does not make it a manufacturing industry. If, however, the raw material is reasonably processed within its industrial function, then it would constitute a manufacturing industry.

Mr. Barnett: If I might bring into the discussion another industry of considerable importance, not only in the province from which I come but also other parts of Canada, where does the minister envisage the line will be drawn between manufacturing and extraction in the forest products industry, and why is it envisaged that this department should be set up so that it would not be concerned with what you might call primary extraction of natural resources, but only with industry when it reaches the stage when the resources are processed beyond that point?

Mr. Drury: I think perhaps the simple answer would be that there already exists in the federal government a number of departments whose concern is either the raw material itself or the extractive process. In the case of forest products there is the Department of Forestry which is concerned with the production of the raw materials of the forest products industry. It is less concerned with the intensive processing of these products beyond the more or less elementary stage, and it is in this secondary stage or what is known as secondary industry that the concern and interest of the department of industry will arise and the interest of the Department of Forestry will stop. The same is perhaps true of the Department of Agriculture whose concern is with the raw materials of food rather than with the whole of their processing.

Mr. Barnett: I have one further question that may be of some interest to the hon. member sitting next to the minister. Let us take the question of fish. If fish is dry salted is it going to come within the purview of the department of industry—

Mr. Pickersgill: The Atlantic development board.

Mr. Barnett: —or if it is filleted and quick frozen for marketing, will it then come under the department of industry?

Mr. Nasserden: Mr. Chairman, I have been thinking about the reply of the minister to my question regarding clause 8 and I believe it would be very helpful if he could answer my question now. I am wondering whether there is any significance arising out of this clause that is not contained in the bill itself.

Mr. Drury: There is no significance that is not contained in the bill.

Mr. Muir (Lisgar): Is it the intention of the government that public funds will be used to finance some of these industries whose problems the new department will be considering? Are you going to assist them in any way by public funds?

Mr. Drury: That is a little hard to answer now. If we can ever get to it, clause 6 of the bill indicates the processes through which this new department has to go. It is following the process of study and analysis that one propounds solutions, some of which may cost money, although I would hope the bulk of them would not. Until you know what the problems are it is difficult to prescribe solutions and until you know what the solutions are you do not know whether it is going to cost any money.

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

On clause 5—*Temporary appointments.*

The Deputy Chairman: Shall clause 5 carry?

Mr. Nowlan: No, Mr. Chairman. This is not going to be carried for a little while. We have made remarkable progress in 30 seconds so I think we can take a deep breath before going further. I should like the minister to comment on clause 5, which gives the governor in council the power to appoint persons having special knowledge of any manufacturing industry, which raises a point, as we said a few minutes ago. These persons are to be paid such salaries and employed upon such other terms and conditions as the governor in council sees fit, including payment of a share of premiums on their insurance. I presume that means they will come from industries where they have pension schemes of their own which have to be protected. In addition, under subclause 2 it is provided that no person appointed pursuant to subclause 1 shall continue to be so employed after December 31, 1964.

From the remarks of the hon. member for Winnipeg South Centre this afternoon, about the time it takes a department to settle down, it would appear to me that December 31, 1964, is going to be here in a relatively short time. I do not know just who the minister is going to have, and I think he might perhaps clear up my mind on this point; because I looked up the Civil Service Act when I went out and, although the section is somewhat ambiguous, this is the first experiment under that section. Perhaps the minister would have been in a safer position if he had

allowed the standard clause to be put back in. In any event, apparently he is depending on that; but I think he should comment for a moment or two on clause 5, and then there are some questions I want to ask.

Mr. Drury: The purpose of this clause is to make provision, where necessary, for the governor in council to engage on a temporary basis ending on December 31, 1964, persons having knowledge and experience of industrial operations in Canada to assist in getting the work of the department started. The termination date provided, December 31, 1964, is included for the purpose of ensuring that beyond that date the department will not be staffed by governor in council appointees but will be staffed, as is any other department and as indeed any other government department should be, on a continuing basis by persons who enter the government service through the normal competitive civil service examinations. This arrangement will provide an opportunity to secure people in the early stages to provide the organizing nucleus for the department to enable it to get started.

Mr. Nowlan: Only on a temporary basis?

Mr. Drury: Yes, that is clear.

Mr. Monteith: To follow that up, I wonder whether the minister could visualize for us how he sees this development coming about, how he looks upon the temporary employees, what type of advice he is looking for from them and how many there may be. Has he any ideas as to what types of industry they might come from? Are they going to be advisers from the economic field or are they going to be people who have had practical experience? I wonder if the minister would enlarge on that a little?

Mr. Drury: Manifestly whenever a particular type of experience required is available at the present time in the government service, use will be made of it. In so far as people are needed within the new department with the qualities, knowledges and skills that are required for the special job, they will be sought first within the civil service; and only in the event that they are not now in it, and the positions cannot be filled by transfers will we go outside.

It would be expected that there would be a division within the new department having to do with the steel industry. If we are unable to find within the government service someone with the necessary skill and knowledge concerning the steel industry in Canada we will then look to the steel industry for someone with the qualities needed who can bring to bear immediately an already acquired knowledge of the particular industry with which we are concerned.

Mr. Baldwin: May I ask the minister why he needs clause 5, in the light of the first two lines of clause 15? There may be some reason, but it struck me as odd.

Mr. Drury: In the light of clause 15?

Mr. Baldwin: Yes, clause 15 where it says that the governor in council may appoint advisers.

Mr. Drury: Quite frankly, as I understand the purpose of clause 15 it looks to the appointment of advisers and advisory committees that would at no time be an integral part of the department; and these would be expected to continue as long as their services were required. Clause 5, however, has specific reference to individuals who will assist in the early organization of the department. They will form part of it temporarily but it was desired to put a limitation on the time during which they could serve so as to bring an end to this temporary state of affairs.

The Deputy Chairman: Shall clause 5 carry?

Some hon. Members: No.

Clause 5 stands.

The Deputy Chairman: It being five o'clock, it is my duty, pursuant to section 3 of standing order 15, to rise, report progress and request leave to sit again later this day or at the next sitting of the house, as the case may be.

Progress reported.

BANKRUPTCY ACT

AMENDMENTS RESPECTING WAGE EARNERS' ASSIGNMENTS

Mr. David Orlikow (Winnipeg North) moved the second reading of Bill No. C-12, to amend the Bankruptcy Act (wage earners' assignments).

He said: This bill which I am proposing today, Mr. Speaker, is the same bill as the one I moved during the last session. In my opinion, the bill deals with the same general principle as all the other bills which have been introduced by members of the house dealing with the general question of interest rates. I had hoped that this bill, along with the other bills, would have been referred to the committee on banking for its consideration. However, since that has not been agreed to, I propose to discuss the subject matter today.

The necessity for this bill arises basically because the people of Canada simply do not

know how much it costs to borrow money. They could find out very easily how much it would cost to buy a car or a television set, but clearly the ordinary person does not know how much money costs him. The price of money is never expressed in language that 99 per cent of the public could possibly understand. It is easy to borrow money for a dollar down and a dollar a week or so much per month, but finding out what the real annual interest rate is is about as difficult as pulling teeth.

It is quite common, for instance, for working people to borrow $8 when they go to work on Monday morning on the promise that they will pay back $10 on Friday when they get paid. There are many people who do this who have no idea of the agreement which has been made. In fact, the rate of interest on this transaction would be about 1,825 per cent a year.

Because it is easy to borrow money—

Mr. MacNaught: May I interrupt the hon. member? Is he discussing Bill No. C-10 or Bill No. C-12?

Mr. Orlikow: I am discussing Bill No. C-12, Mr. Speaker. The reason I am talking about interest rates is my feeling that people get in over their heads partly because they do not know what the interest rates are. I will come to the essential principles of Bill No. C-12 before I conclude my remarks. It is so easy to borrow money because we have all become accustomed to trying to live to the standard of our neighbours. It is practically a sin not to own a car, not to have a television set, not to have a washing machine and dryer, and not to own one's own house. More and more, people are borrowing money or buying merchandise on time. Most reputable retailers encourage instalment buying. Most proper finance companies practically roll out the red carpeting for people who come in to use their services or borrow money. Of course, they all hide the exorbitant rate of interest which they charge.

If anyone doubts that, all he has to do is look at the statement made by the Canadian retail federation to the royal commission on banking and finance, which spells out their stand on what we ought to do about interest rates. They refer to the proposals which have been made in this house and in other chambers to the effect that the actual interest rate should be spelled out. They say that this kind of proposal is mischievous nonsense; that such knowledge would be misleading, confusing, incorrect and unworkable. I suggest, Mr. Speaker, the only thing unworkable about it would be that the retailers might sell a little less merchandise. I had never heard such a completely selfish attitude on the part of any group in this society, until I heard that.

I do not question the need for consumer credit because such credit has helped us raise our standard of living, provide material comforts for many people. It has increased production and it has helped to create jobs. However, we have had too many instances of tremendous hardship as a result of the excessive use of credit. These hardships have been created, in part at least, as a result of lack of knowledge of the interest rate charged and partly by pressure to conform with our neighbours. An interesting memorandum was prepared recently by the federation of national trade unions. They give a concrete example of the kind of difficulty into which people get. I want to read from the memorandum, Mr. Speaker.

Here is a case of a union member who bought $1,900 worth of merchandise on terms. The merchant boosted his price by from 40 per cent to 50 per cent in order to give a supposed exchange allowance and to legalize the deal. The result was an interest rate not of 27 per cent, but of at least 60 per cent. This union member has been in debt to the same company for 12 years, yet he really owns nothing because the company has a bond on all the furniture. This man purchased a washer and dryer, and then fell victim to a thorough exploitation on the system of exchanging. The real value of the two pieces of merchandise he bought was $600, but because a sewing machine was exchanged on the deal he was charged $858. He was allowed $383 as a credit on the sewing machine, and the actual allowance on the sewing machine was really $125. It had been purchased for $464, had only been used for six months, and the company resold it for $400. This left a profit on the deal to the company of $275, plus the profit on the financing, plus the profit on the sale of the washer and dryer.

The same man purchased a bedroom set from the company. The regular retail price of the bedroom set was $385, which was double the wholesale price. However, it was invoiced to the man at $579, which leaves a surcharge of $194 over the regular price. Then, $200 was allowed on a used bedroom set which, according to information supplied to the man, was later resold for at least $100. The balance owing, after the deduction of the allowance, was $397.95. This amount, financed at a basic rate of 27 per cent, gives an interest income of $107, plus $100 exploitation in the exchange deal, which makes a hidden interest rate of about 60 per cent.

Moreover, the law states that upon any refinancement, the merchant retains his bond on all merchandise covered by previous contracts. So, we have here the case of a family which had been refinancing for 12 years.

There have been six refinancements paid with the well known penalty of approximately 30 per cent, and that is why, after 12 years, they still owe the company $3,148.25; and I may say this man has a salary of $60 a week.

I have spoken about how easy it is to get credit. According to the Bank of Canada, loans to consumers went up by $300 million from 1957 to 1960. The difficulties arise not in the borrowing of the money but after a person has borrowed money or purchased goods. This is when his difficulties begin.

Often the trouble comes not from the retailer, who is usually friendly, but from some finance company to which the retailer has sold the paper, as it is called in the trade. How difficult it can be for a person is illustrated in a news report which appeared in the Montreal *Star* on Wednesday June 19 last. I shall only quote a portion of it. The heading of the report reads, "Collection Agency to Pay Damages." It states:

> A Superior Court judge yesterday labelled as reprehensible and illegal the action of a collection agency and a bailiff in breaking down the door of a supposed debtor and seizing his furniture.

Further on it states:

> The judge said that on one occasion two men forced their way into the house in St. Michel and evaluated the furniture and that on another occasion, when the man and wife attempted to barricade themselves to protect their property, their door was broken down with an axe and the furniture seized.

This is an extreme case; but there are thousands of cases where people have difficulties with threatening letters, telephone calls, personal calls at their door at all times of the day and night, garnishee orders and lost jobs. These troubles are common to people finding themselves in the position of having to buy on credit, and by that time people are so far in debt that they cannot pay their bills even if they wished.

The bill in my name would add a new clause to the Bankruptcy Act. It would permit the insolvent wage earner to make an assignment to a trustee appointed by the courts. The wage earner would submit his wages to the trustee, who would make regular payments, on the order that the wage earner could afford, to the creditors. Where the contract signed by the wage earner is unconscionable, then the courts could exempt the wage earner from payment of excessive interest charges. The courts could also enforce obedience to the arrangements worked out by the trustee, and would have power to discharge the wage earner when he has fulfilled his obligations.

Bills similar to this have been enacted in the United States where they have helped thousands of people. The bill would help not only the wage earner but the legitimate creditor. It would help the wage earner by taking inordinate pressure off him and permitting orderly payment of his debts. It would also help the legitimate creditor because he would be more likely to get his money.

I had hoped this bill would be submitted along with other bills to the committee on banking and commerce, but since that has not been agreed upon, I hope hon. members will discuss the basic principles involved, will realize the importance of this subject, have a full sense of the tremendous hardship experienced by many people, and that they will not talk the bill to death so that it will die on the order paper at six o'clock.

(Translation):

Mr. Jean Chretien (St. Maurice-Lafleche): Mr. Speaker, I think that Bill C-12 just introduced by the hon. member has some justification, because it is based upon quite acceptable motives.

However, while the bill's mover was speaking, I was wondering whether he was referring to Bill C-10, an act to amend the Interest Act, or Bill C-12, an act to amend the Bankruptcy Act.

The bill proposed by the hon. member raises rather serious problems for a member from the province of Quebec.

In the first place, Mr. Speaker, I notice that, to my way of thinking, Bill C-12 is interfering with something about which Quebec is extremely sensitive, especially these days where new constitutional problems have arisen. In my opinion Bill C-12 intervenes in a field where Quebec has already legislated. If the federal government was in a position to intervene in this provincial matter through a bankruptcy act, I feel it is because the constitution enabled the central government to intervene with regard to commercial matters.

However, Bill No. C-12 aims at protecting the employees' rights and not the merchants'.

Mr. Speaker, I consider it an interference in the civil law of the province of Quebec and I feel it would be unconstitutional to adopt Bill No. C-12, because it intervenes in the field of civil law. I maintain that the civil law of the province of Quebec must be jealously guarded by that province, as stipulated in the constitution.

It is true, Mr. Speaker, that too often unlucky wage earners have assumed obligations for years to come and are obliged today to pay back interest or debts for years before they can free themselves. I agree that

something should be done for those people, but the provinces can do it, and the province of Quebec has taken steps in that field.

We have, in the province of Quebec, what is called the Lacombe act, which has been incorporated in the civil code to cover such cases. That legislation authorizes, for instance, a debt-ridden wage earner who cannot meet his liabilities, to go to the clerk's office at the magistrate's court and make a declaration to the effect that he is unable to pay his debts.

At that time, he gives to the clerk the list of his creditors who are then advised by the clerk himself; and, each week, according to the provisions of the Lacombe act, the debtor who is unable to meet his liabilities is obliged to pay a certain amount according to his means, which amount is set by law; it is not left to the discretion of a judge, but is determined by law. A married wage earner may take $24 off his pay for himself, and has to pay 30 per cent on the balance. A married wage earner who makes $84 a week keeps $24; while having to pay 30 per cent on the remaining $60 to the clerk of the magistrate's court, that is $18. The difference between $84 and $18 which represents his own salary, he uses to meet his current obligations, and not his past liabilities.

If the individual is unmarried and earns $84 a week, the clerk deducts $12, while keeping $21.60 of the balance of $72 to pay the creditors.

Every third month, the clerk distributes to the creditors the accumulated money in proportion to the amount of the claim they have against this hapless debtor.

Mr. Speaker, I feel that this act, in the province of Quebec, meets the objects of Bill C-12 moved by the hon. member. A close study of the bill shows that there are some points which, in my opinion, even though they were to be implemented would not be practical in the province of Quebec.

I understand that Bill No. C-12 has very commendable objects, but for instance, if we take subclause 2 of clause 26(b) which reads as follows:

> The trustee may apply to the court for relief in respect of any executory contract; and, after hearing upon notice, when the court finds that, having regard to the risk and to all the circumstances, the financial obligations under the contract upon the wage earner are excessive or that the obligations generally are harsh and unconscionable,

The clause also stipulates that the court may intervene. Now, in accordance with the civil code of the province of Quebec, both criterias mentioned in subclause 2 of clause 26(b) cannot apply, and I mean the risk and other circumstances.

According to the civil code of the province of Quebec, a judge cannot intervene in a contract unless he can ascertain that excessive harshness has been suffered by the debtor. The judge can intervene only when the party is a person under age and this is confirmed in section 1,001 of the civil code of the province of Quebec.

In the province of Quebec, according to French law, the judge may intervene in a contract only under definite conditions, such as an error in the essence of the contract, either by fraudulent practices, violence or fear.

Mr. Speaker, I think that subclause 2 of clause 26(b) could not be enacted in the province of Quebec, because it does not meet the spirit of the law. In that province, a contract is either legal or illegal. If it is legal, it is entirely so, and the judge cannot modify one clause or another. It is either good or bad. It is impossible to intervene, because, according to French civil law, a contract expresses the will of both parties in writing; or, if it is a commercial agreement, it must be expressed so as to give proof thereof. Therefore, sub-clause 2 of clause 26(b) could not in practice apply to the province of Quebec. As I mentioned earlier today, this would be completely outside the usual framework of law administration.

Now, there is a point I would like to raise. Under clause 26(b), subclause 1, the hon. member suggests that a trustee may be a responsible person without necessarily being an authorized trustee. Well, Mr. Speaker, I do not agree with it because it is already difficult enough to find competent trustees to administer the assets of a bankrupt. If anybody who has not the least idea of the law were asked to administer the assets and property of a bankrupt, we would have chaos and would be unable to find any solution. This would render the administration of the law still more complicated than it is now.

Mr. Speaker, while we are discussing the Bankruptcy Act, I must say that I am opposed to the concept of the mover of the bill which asks people—practically anybody—to look after the Bankruptcy Act. I think, Mr. Speaker, that too many trustees do not know the act and especially in the province of Quebec where the problem is even more difficult because this act has a British background. I mean it is an English act proceeding from English philosophy. We, in the

province of Quebec, have the French civil code and it is extremely difficult, Mr. Speaker, to reconcile in practice the provisions of the Bankruptcy Act with the practice and the civil code of the province of Quebec because the two acts proceed from completely different philosophies.

Mr. Speaker, instead of entrusting the implementation of the Bankruptcy Act to people even less qualified, I suggest that we should find more qualified people who know the act better than those who carry it out at the present time and they are numerous among the trustees. I think that the director of the bankruptcy division should enforce some kind of regulations to compel people to know our legislation a little better because in the province of Quebec, the conflict between those two acts is extreme. Furthermore, it raises many problems which are very difficult for our courts to settle.

Briefly, Mr. Speaker, I am in agreement with the principle of the bill, that seeks to help people in financial difficulties. But I object to this bill being passed by the house because once again it interferes, especially in the province of Quebec, with the civil code which we want to preserve preciously in the province of Quebec.

Many provisions in this bill are in direct contradiction with the spirit of our legislation. I say that this is an area where the federal government must intervene with the utmost caution, because the Bankruptcy Act is applicable in the case of businessmen. Under Bill C-12, we are infringing upon the civil code of the province of Quebec, and I am convinced that we should not go forward with it because we must respect it as provided by the Canadian constitution and the B.N.A. Act, that is that the civil law comes under the exclusive jurisdiction of the province of Quebec.

Mr. Gerard Girouard (Labelle): Mr. Speaker, I have listened to the remarks of the sponsor of Bill C-12, as well as the comments just made on the subject.

I also feel bound to express a certain fear, like my friend, about the possible infringement of this bill on our provincial legislation.

On the other hand, as our friend pointed out with some alarm, we actually have a federal Bankruptcy Act which applies in the province of Quebec and the implementation of the provisions of this new bill would not succeed in solving our constitutional problems. But at this point, it is still not the main cause for concern. I would rather be in favour of referring the bill to a committee that would settle the constitutional issue.

It is true that in the province of Quebec we have the Lacombe act, but it is a dreadful act for the poor debtor. The Lacombe act favours the bad guy, the large creditor who tempts the customer with things which are above the latter's financial means, makes him sign a finance contract which the purchaser cannot afford—as the mover of the bill pointed out—and afterwards grabs the debtor by the throat. It is really the Lacombe act which takes debtors by the throat since, before they are through, they have to pay back two and even three times the amount they owe. The legal fees double and triple the amount of the debt.

I am in favour of the principle of the bill, but that does not mean that we should adopt it since the point in question is whether those finance contracts are legal or not, as someone said a while ago.

This is why I believe that the bill should not be carried in its present wording. But nevertheless, it was fitting to present it, if only to draw the attention of provincial authorities on the necessity of protecting debtors against those loan sharks, who well deserve such a name. In fact, they systematically take unfair advantage of the borrower who does not know how and to what extent he is committed, believing that he will be in a position to meet the weekly instalments of $2, $5 or $10, but unfortunately he is unable to do so.

Then he comes under the Lacombe act for five years, maybe ten. I do not think that is right. I think it would be unfair to force a person to pay a debt he incurred, perhaps through some misfortune, within a three-year period, as provided in the bill.

That is why I am opposed to the bill, but I congratulate the mover for submitting the idea. I do hope provincial governments will use it to ensure that there will be a greater amount of justice in finance enterprises.

(Text):

Hon. Marcel Lambert (Edmonton West): While I realize that the sponsor of this bill is trying to arrive at some solution of the difficulties he has mentioned I feel that in presenting this measure in its present form he is creating more problems than the bill itself would solve.

We have heard him for two thirds of the time during which he spoke talk about unconscionable transactions. I do not think this bill is designed to deal with that subject. The hon. member is trying, in this proposed amendment to The Bankruptcy Act, to deal

with the situation of a person of small means who cannot afford to go bankrupt under the present regulations of the act, the man who cannot make an assignment because he cannot pay a trustee.

Hon. members who have spoken so far seem to think that the man who will be involved in these situations is the man who has run into some ogre of a department store or other concern which has led him down the garden path. I reject that entirely. Certainly, there are persons who get into trouble because they have entered into unconscionable transactions; but there are also many men and women who have got into financial difficulties out of sheer stupidity, carelessness or wanton spending. Let us not say they are all to be pitied. Account should be taken, too, of the honest traders with whom these people deal—the service station operator whose bills for tires and gasoline are not paid; the tailor from whom they buy suits or dresses; the doctor; the dentist.

As I said, I think this bill creates more problems than it solves. We know that some years ago in Manitoba there was a provincial act, unfortunately declared ultra vires, which made some progress in dealing with these problems. There was a parallel act in Ontario which also fell by the wayside because of the doubt which was cast on the act in Manitoba. It is one I have been interested in as far as Alberta is concerned, because I believe we have there a mechanism for reaching a solution, if we can make appropriate amendments to The Bankruptcy Act. Under these provisions the provincial authority would be empowered to name some public authority which might without a fee, make assignments on behalf of creditors. We have set up informally a debtors assistance board in Alberta to which a man might come and make a proposal for settling his affairs. Unfortunately, it sometimes happens that when he begins to pay out, one of the creditors hearing of the arrangement may say: This will take too long; this man is now earning some money so I will garnishee his wages. Well, we know what happens in most instances when this is done. The employer simply says: We cannot be bothered with this; you had better leave our employ. Thus the greedy creditor has eliminated any source of relief for the remaining creditors.

I have worked closely with this debtors assistance board. We have seen people there who really should not have gone bankrupt. They have needed help to sort out their debts —someone who would bring the creditors together in an informal way and help them to hammer out a proposal whereby, voluntarily, they would pay a certain sum on a regular basis, allowing the creditors to get a reasonable share while enabling the debtors to live. That is what we have aimed at.

I do not think this amendment to the Bankruptcy Act will achieve that purpose. As a previous speaker has indicated, to have some local official or court set aside obligations, or to rank secured obligations, will fly in the face of other legislation both provincial and federal. I would say it would be unconstitutional and ultra vires. We know numbers of people who are in trouble financially and who are purchasing homes with the assistance of direct loans from the Central Mortgage and Housing Corporation. How on earth could we under this legislation simply authorize a court to set aside the terms of the mortgage? It would make nonsense of provincial legislation as well as of property and of civil rights, especially where our mortgage regulations are governed, as they are in Alberta, by provincial law.

I do not share the constitutional worries of the hon. member for Labelle (Mr. Girouard) or of the hon. member for St. Maurice-Lafleche (Mr. Chretien), that for some reason or other the national bankruptcy law is an intrusion on provincial jurisdiction and is designed for commercial operations only. I have never known that the Bankruptcy Act was so limited. A man may be a wage earner or self-employed; he can still qualify for the protection afforded by the Bankruptcy Act. It is said that bankruptcy legislation constitutes an intrusion into provincial civil law, that there is a different mentality in the province of Quebec with respect to civil law. Is there to be a different criminal law for that province? Is there a different mentality in the province in that respect, and should there be a different system of administration of justice? I am afraid I cannot share that opinion. If we have a bankruptcy law it should apply from one end of the country to the other. But I do feel that trying to make an amendment to the bankruptcy law, as this bill seeks to do, is not a practical course of conduct. The result of this proposed legislation would be to play ducks and drakes with provincial laws enacted under appropriate provincial jurisdiction, and to me that is quite wrong.

I would prefer to have the hon. member spend more time endeavouring to show how wage earners or persons of limited means could be assisted by way of a wage earner's

assignment. I think some parts of the bill are quite workable, but in the form proposed I think it would create far more problems than it would solve. The bill says that a trustee shall be paid 5 per cent of the sums to be handled by him. I think it would be far better however if an appropriate amendment were made to the Bankruptcy Act whereby provincial authorities could set up a quasi public body which would handle the administration of the small debtors' debts. This would do everyone a service, not only the debtor but also the creditor, who has rights too.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): Mr. Speaker, when the proposer of this bill first rose to his feet he raised some question in this house as to why the bill would not be referred, as would others dealing with the control of consumer credit, to the proposed joint committee of this house and the Senate at such time as the committee is established to deal with this subject. In opening my remarks this afternoon I should like to point out, as the hon. member for Edmonton West (Mr. Lambert) has already said, that in essence this bill achieves two separate objectives. First, it provides an amendment to the Bankruptcy Act to carry into federal law the former provisions of a number of western statutes which made provision for the orderly payment of debts, and also attempts to carry into federal law, under the guise of bankruptcy, the provisions of what was in Ontario up until last year the unconscionable transactions relief act.

In my view the reason this bill should not be referred to the joint committee on consumer credit, when this committee is established, is that the terms of reference of that committee would not provide for an appropriate discussion of bankruptcy legislation. Hon. members will perhaps recall that a bill dealing with substantially the same subject matter was passed in the other place last session and introduced into this house, receiving first reading on January 21, 1963. There is at the present time a bill substantially in the form of that bill under the aegis of the government now before the other place. While agreeing generally with the comments of the hon. gentleman with regard to the desirability of setting up some procedure to provide for the orderly payment of debts, my position this afternoon would be that I think that that legislation, when it comes forward, would be a much more desirable means of achieving this end, and I would say that further consideration of this bill should be deferred until this legislation can be brought forward.

[Mr. Lambert.]

In view of the comments which have been made by some hon. gentlemen this afternoon with regard to the constitutionality of the provisions of this bill, I think it might be of some assistance briefly to pursue the legislative pedigree of this proposed legislation. A Manitoba statute called the orderly payment of the debts act was first introduced into that province by the Manitoba legislature in 1932. This statute apparently was a success and commended itself to the legislature of the native province of the hon. member for Edmonton West, which in 1959 enacted a statute substantially in the same form. Some question was raised at that time before the statute had been proclaimed, as to the constitutionality of its provisions, and a reference was made by the lieutenant governor in council of that province, first to the appellate division of the supreme court of Alberta, and then to the Supreme Court of Canada, which ultimately determined that that form of statute was substantially a matter in pith and substance concerning bankruptcy and insolvency, a subject matter which is conferred on the federal government by section 91 of the British North America Act. It was following that adverse decision with regard to the Alberta legislation, which of course provided a declaratory statement with respect to the constitutionality of the Manitoba legislation, that the attorneys general of those two provinces, as I understand it, requested action be taken by the federal government. The previous government took steps to prepare a bill, which was Bill No. S-2 in the last session and is Bill No. S-2 in this session.

There was a second motivation behind the federal government's action at that time. Hon. members will perhaps be familiar with the provisions of the present Bankruptcy Act, which were first introduced in 1949, regarding summary administration of estates. Those provisions provided what was felt to be a simpler and less expensive course of action for dealing with bankrupt estates, where the debtor's total assets were not in excess of $500. The summary administration provisions of the Bankruptcy Act have, in the judgment of most persons knowledgeable in this field, proven to be unsatisfactory, and therefore it was proposed that immediate action should be taken by way of this bill not only to enact a procedure for the orderly payment of debts but also to dispose of the unsatisfactory summary administration proceedings.

I should like at this point to make reference in detail to two objections I have to the hon. member's bill. I refer to the terms of section 26b(1), in which we learn that the

wage earner in a particular case is to commence proceedings by making an assignment. I would point out to all hon. members that the consequence of that under the existing terms of the Bankruptcy Act is that the wage earner will have committed an act of bankruptcy. It is my understanding that the objective of the provincial legislation and the objective of the whole legislative scheme is that an honest, responsible wage earner should be entitled by this procedure, by means of a consolidation order, to avoid the stigma of bankruptcy. Yet the hon. member, under the terms of his bill, makes it mandatory that the debtor should take the bankruptcy proceedings.

Further difficulties arise from this. As a result of committing an act of bankruptcy, what effect does the action of filing an assignment have on the other provisions of the Bankruptcy Act? In particular, what if the debtor falls behind in his payments? What if further and other capital assets, as opposed to earnings, of the debtor are later discovered? How are they to be applied within the terms of the Bankruptcy Act, and how are they to be applied to the debt? Unfortunately, Bill No. C-12 is silent on all these points. The hon. member for St. Maurice-Lafleche (Mr. Chretien) has already pointed out the disadvantage of proceeding by way of appointment of a trustee, and not even a licensed trustee at that, in order to administer the provisions.

One of the difficulties of the current summary administration provisions of the Bankruptcy Act has been not only the difficulty of securing a reliable trustee, but substantial evidence has been presented of a number of abuses in respect of these summary administration provisions. Here the hon. member would not only not require the basic requirement of licensing so as to establish a person's financial responsibility and professional ability, but he would permit the assignment to be made to a person who had not even sustained those preliminary standards. This I feel would be a defect in the proceeding. This is one of the provisions with regard to which I think the bill before the Senate involving the terms of the Manitoba and Alberta statutes is superior to this particular piece of legislation. Under those provisions no trustee or person acting in the role of trustee is required. Rather, as the hon. member for Edmonton West (Mr. Lambert) has pointed out, an officer of the county or district court in the appropriate province is the person to whom the assignment is made. He is the person who is responsible for carrying out the administration of the consolidation order.

The hon. member has devoted most of his time in making his remarks on this subject to the provisions of clause 26b(2) which, as I have already pointed out, reincorporates substantially the terms of the unconscionable transactions relief act of Ontario which was declared ultra vires and void in the province of Ontario by the court of appeal of that province in late 1962. It would be inappropriate, I think, for hon. members to discuss the provisions of that particular statute in parliament at this time because the decision of the Ontario court of appeal is now under appeal to the Supreme Court of Canada and is awaiting hearing. It would be contrary to the rules of the house to do that.

With regard to the provisions concerning interest let me simply say that I feel it would be premature for action or even discussion on this subject not only in this house but in a committee of this house, as the hon. member has suggested. I also think it would be much more appropriate to deal with these particular procedures by way of a separate bill, if the hon. member felt it was necessary, so that the bill could be referred to the committee on consumer credit.

I should like to point out that one of the motives of the government in introducing Bill No. S-2 was to rectify defects in the summary administration provisions of the Bankruptcy Act, and those defects would not be overcome by this particular bill. Second, I feel that the legislation to come forward will probably set out the procedure to be followed by parties in connection with such a consolidation order, and their various rights at that stage, more clearly than the hon. member has. Third, I feel, as I have already pointed out, that his provisions with regard to unconscionable transactions are premature at this time, in view of the fact that their subject matter is now before the Supreme Court of Canada on an appeal.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise for a minute or two to express my support for the principle and purpose of this bill. I am sure the hon. member has been moved to introduce it because of his knowledge of injustices suffered by many individuals. I must explain that I am not capable of dealing with the intricacies of the law: I am not a lawyer. I have had to work hard all my life for my living, but I have had an interest in this subject for many years. Quite a number of my constituents, working people and businessmen, have been done out of considerable sums of money by nothing more nor less than damned crooks who have fled to the United States after they have fleeced good Canadians. More than that, to my knowledge the federal and provincial governments have lost thousands of dollars in taxation in my riding on that account, and nothing can be done about it.

I could give endless illustrations, and they have made me come to the conclusion that we need a complete overhaul of the Bankruptcy Act. I think reference of this bill to the appropriate committee will give the committee an opportunity to call witnesses, hear evidence, study this situation and make a report to the house.

I find that the majority of people are completely ignorant as to their rights under the Bankruptcy Act. I think the act and the procedures require simplifying and in my opinion there should be more information with respect to the law and the regulations available to ordinary persons, in language they can understand. I can think of numerous instances of good, honest people losing considerable sums of money, and on some occasions suffering to quite an extent, because of their ignorance of the present law and their failure even to take advantage of certain provisions of it.

I know this is a complex question, Mr. Speaker. As I have said, I am not capable of going into the finer points of the legislation, but I do feel that if the bill is referred to the appropriate committee this will provide an opportunity for us to begin to break ground in the direction of necessary amendments to the Bankruptcy Act.

Mr. J. J. Greene (Renfrew South): Mr. Speaker, the first thing that shocks me to some degree about this bill is, as the hon. member for Edmonton West (Mr. Lambert) has stated, its patent and blatant unconstitutionality. It is well known that we on this side of the house are very wary and careful, in any legislation that we support or pass, to guard provincial rights jealously.

(Translation):

We on this side of the house, Mr. Speaker, are most sensitive to the feelings of the provinces and especially to the so sensitive feelings of a certain premier of a certain province.

(Text):

For this reason, if for no other, I think we on this side of the house could not possibly support the bill. I would point to one aspect of it which is of interest. That is the fact that in essence, if I judge rightly from the remarks of the hon. member who proposed the bill, it is essentially consumer legislation with which he is concerned. I think he suggested that the bill should go to the committee on consumer credit. The problems that are envisaged by the bill are problems that the insolvent gets into by reason of his capacity or status as a consumer, and I suggest that in this house and throughout the country we have been very remiss in our consumer legislation in all its aspects, not merely on the credit side.

For instance, we put someone in jail because he plays bingo or operates a bingo game with the proceeds to go to charity; and yet the cola companies can put thousands of dollars under bottle caps, and that is legal. For this reason I suggest that our entire concept, that anything can be said or done under the sacred head of advertising, should be very carefully looked at.

An hon. Member: You are absolutely right.

Mr. Greene: Thank you. I think we should take a look at our consumer legislation as a whole. Our people as consumers need greater protection than they are getting today not only on the credit side but with regard to their whole position as consumers, who are subjected to the continual pressure and heat of advertising and the wrongs and misconceptions of advertising that are foisted upon them as consumers. Therefore I hope that some day in the not too distant future we shall be able to look at this entire picture.

The Acting Speaker (Mr. Batten): Order. It being six o'clock I must advise the house that the hour for consideration of private members' business has expired.

BUSINESS OF THE HOUSE

Mr. Churchill: Perhaps the house leader would like to put on *Hansard* the proposals for next week.

Mr. Pickersgill: Mr. Speaker, the business for Tuesday and Wednesday was settled very amicably last night, of course, and I shall just reiterate that the government intends to propose that the house go into committee of supply. If there is an amendment it is understood that the vote on the amendment and any subamendment will take place at the end of Tuesday, so that Wednesday will be available for general grievances and the vote on Wednesday will be at a quarter to six. I just reiterate that so it will be available on the record. On Thursday, we propose to continue in committee with the department of industry bill, and to proceed with that bill to its conclusion. Then, we shall take the resolution concerning the Atlantic development board.

I might say that if the department of industry bill should be concluded before five o'clock it would not be possible to begin the resolution concerning the Atlantic bill until eight o'clock, and I would ask my colleague, the President of the Privy Council, to begin

the debate on the second reading of the economic council bill. I would hope we could arrange things so that both of these measures could be considered later that day and the following day. It may be that there will be some further clarification of the business that I will wish to announce after a further conference with hon. gentlemen opposite which I hope to have early next week.

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

HOUSE OF COMMONS

Tuesday, July 2, 1963

The house met at 2.30 p.m.

CORPORATIONS AND LABOUR UNIONS

EXTENSION OF TIME LIMIT FOR FILING OF RETURNS

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I wish to make an announcement concerning the Corporations and Labour Unions Returns Act. This act came into force on January 1, 1963 and contains the provision that the minister may take legal action against firms or unions which have not reported by July 1, 1963, for fiscal periods ending in the calendar year 1962. Similar enforcement provisions apply to firms and unions which have not reported within six months after the end of succeeding fiscal periods.

However, since this legislation is new and some firms and labour unions are experiencing problems in supplying all the information required, I wish to announce that I do not intend to undertake legal proceedings against firms or unions which make the required returns before October 1, 1963. This should provide ample time for reporting.

After all returns for the first year have been received and analysed, it may be possible in the light of experience to introduce changes which would reduce reporting difficulties of firms and unions.

CIVIL DEFENCE

TRANSFER OF RESPONSIBILITY TO MINISTER OF DEFENCE PRODUCTION

Hon. Lionel Chevrier (Acting Prime Minister): As they will affect the handling of questions in the house, may I take this opportunity to inform hon. members of certain administrative changes, effective as of July 1, with respect to civil emergency planning.

This program, as members will recall, is carried on at the federal level by various departments and agencies of the government and has been co-ordinated by the emergency measures organization in the privy council office. An order in council, P.C. 1959-656, is the basis of the arrangement in effect up to this time, with the Prime Minister and the Ministers of National Defence, National Health and Welfare and Justice being those specifically allocated various responsibilities by the order.

The government has decided to consolidate arrangements and to bring about a closer degree of co-ordination among the emergency measures organization, the civil defence college and the emergency supplies planning branch in the Department of Defence Production. Pursuant to the Public Service Rearrangement and Transfer of Duties Act, order in council P.C. 1963-993, a copy of which I am now tabling, transfers the responsibility for the emergency measures organization from the Prime Minister to the Minister of Defence Production. The order also transfers responsibility for the civil defence college from the Minister of National Health and Welfare to the Minister of Defence Production to be exercised through the emergency measures organization. The director of the emergency measures organization will report direct to the Minister of Defence Production.

EXTERNAL AFFAIRS

BARBADOS—REQUEST FOR SUPPLY OF POLIO VACCINE AND RESPIRATORS

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, the house will wish to be informed of action which is being taken to meet an urgent need in the island of Barbados, where there has been a serious outbreak of polio. According to information received through the British colonial office, 38 cases of polio were notified from March 27 to June 6. Mass vaccination is now in progress using oral trivalent. A total of 61,483 doses are required, and the government of Barbados asked whether Canada would be prepared to assist in providing 50,000 doses and one or two respirators.

The government has now agreed that the vaccine should be made available and it will be carried free of charge by T.C.A. on its regular scheduled flight tomorrow, July 3. The estimated cost of $5,500 for the vaccine will be provided in the supplementary estimates of the Department of External Affairs. The provision of respirators involves some complication, but the matter is being looked into immediately.

I am sure all members of the house will join in the hope that these measures may help in meeting the serious emergency which has arisen in the island.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this is one of those occasions when the opposition agrees wholeheartedly with the government. The action taken is most commendable.

Proposed Legislation

WAR VETERANS' ALLOWANCE ACT

AMENDMENT RESPECTING ELIGIBILITY FOR SERVICE IN U.K.

Mr. Jack McIntosh (Swift Current-Maple Creek) moved for leave to introduce Bill No. C-79, to amend the War Veterans' Allowance Act.

Some hon. Members: Explain.

Mr. McIntosh: Mr. Speaker, the purpose of this bill is to grant eligibility for an allowance under the War Veterans' Allowance Act, 1952 to those veterans of world war I who would qualify for allowance except that they served in the United Kingdom for less than 365 days prior to December 12, 1918. The allowance, however, would be less than the standard allowance as it would be calculated on a fraction of the number of days served.

Motion agreed to and bill read the first time.

(Translation):

PRIVILEGE

MR. PIGEON—DESIGNATION OF NATIONAL HOLIDAY ON JULY 1

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I rise on a question of privilege. As reported in *Hansard* for June 26, 1963, the hon. member for Sherbrooke (Mr. Chapdelaine) put to the Prime Minister the following question:

> Mr. Speaker, I should like to put a question to the Prime Minister. Certain federal departments in my riding have been informed that Monday next, July 1, is Dominion day, while others were advised that it is confederation day.
>
> On the other hand, the officers of an American company operating in my riding have asked me what is the holiday to be granted to their employees, whether it is Dominion day or confederation day.

Afterwards, there was a point of order and then the Prime Minister answered the question:

> Monday will be Canada's national day, Mr. Speaker.

I have here the program of Monday's holiday and it is entitled: "Dominion day celebration".

I feel that the Canadian people are confused and would like to know whether it is the Prime Minister or the Secretary of State who is right. The matter should be cleared up for the house.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I doubt whether the matter raised by the hon. member for Joliette-L'Assomption-Montcalm could be considered as a question of privilege. If he has any questions to ask, he should properly put them on the orders of the day.

Mr. Pigeon: You only have to answer.

MR. GREGOIRE—RULINGS OF MR. SPEAKER RESPECTING ANSWERS TO QUESTIONS

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, my question of personal privilege derived from the fact that several contradictory decisions on your part as well as several answers from the Minister of Finance (Mr. Gordon) prevented us from obtaining information to which we are entitled.

On several occasions, in fact on five different occasions, I asked the Minister of Finance what were the administrative difficulties which compelled him to withdraw the 30 per cent tax on sales of Canadian shares to non-residents. As a matter of fact, as stated on page 1373 of the official report for June 20, 1963, I asked the following question:

> Could the Minister of Finance tell us what are the administrative difficulties which have compelled him to withdraw that tax?

At that time your decision was as follows, as stated on the same page of the report:

> I regret to inform the hon. member for Lapointe that his last supplementary question was in the nature of an argument.

Mr. Speaker, I am of the opinion that my question was effectively a question and not an argument.

Again, as recorded on page 1527 of the *Hansard* for June 25, I asked the same question, and you ruled as follows:

> —I suggest to the hon. member that he raise this question during the budget debate—

Mr. Speaker, I asked the question during the budget debate. After the conclusion of that debate I asked the question again and you stated then that you had already settled the matter, and that you had not allowed me to ask the question on the orders of the day because it was during the budget debate, and now that the budget debate is over, you ruled it out for a third time.

Mr. Speaker, I asked the question for the fifth time on June 27, and you ruled then that the matter should be postponed until the debate on the budget resolutions. As recorded in *Hansard* for Wednesday, June 19, in the first column of page 1321, the Minister of Finance stated the following:

Pending a solution, the government proposes to withdraw paragraph 11 of the budget resolution respecting the Excise Tax Act.

Consequently, Mr. Speaker, there are three contradictions. First, you did not let us ask such a question during the budget debate and you asked us to wait until after the debate. Then, you ruled it out of order because you had already postponed its consideration. You referred it until the examination of the budget resolutions and then the Minister of Finance withdrew it from the budget resolutions.

Furthermore, Mr. Speaker, on several instances the Minister of Finance stated that he would consider the question during the budget debate. Indeed, as reported in the right hand column of page 1373 of *Hansard* for June 20, he said this:

Mr. Speaker, I would be glad to go into that but, although I am not an expert in the rules, I suggest that is a matter that should be taken up in the debate.

It is the Minister of Finance himself who stated that the matter should be taken up during the debate.

On the same page of *Hansard*, the Prime Minister intimated that the question should be discussed during the debate.

I raised the question on another instance, and the Minister of Finance again said that it should be examined during the debate. I carefully read over the whole speech the Minister of Finance made on June 24 during the budget discussion and nowhere did I find a mention of the administrative difficulties which motivated the withdrawal of that 30 per cent tax on the sale of Canadian shares to foreign interests.

For all those reasons, Mr. Speaker, that is, first of all the contradictions I found in former *Hansards*, and the promise of the Minister of Finance to mention it when discussing the budget, whereas he made no allusion to it in his speech, I think it is in order to ask the Minister of Finance that question and to get an answer from him on such an important and urgent matter, which implies very serious considerations.

Mr. Speaker, as several ministers including the Prime Minister have joined efforts to try and protect the Minister of Finance, I think it is one of my privileges, as well as those of the house, to see that the question be declared in order, so that the Minister of Finance may have a chance of answering it.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I think there are two points to be considered here. The first one concerns the administrative difficulties mentioned by the hon. member for Lapointe (Mr. Gregoire), the matter on which was based the question he asked more than once in this house. In that respect I shall answer very briefly. As you said many a time, the Minister of Finance gave some explanations to hon. members and he is not bound to do anything further unless he chooses to do so.

The second point, which is by far the most important, constitutes an attack against the Speaker of the house. I do not think it appropriate for an hon. member to rise on a question of privilege in order to attack directly or indirectly, Mr. Speaker. If he wishes to, he has that right under the standing order, but he must introduce a motion to the house which the hon. member did not choose to do in the circumstances for reasons probably better known to himself than to the rest of the house.

I suggest to you, Mr. Speaker, that the answer to part of my hon. friend's argument can be found in citation 68 of Beauchesne's fourth edition of 1958. This citation is quite long so I shall not read it.

Therefore, I think the hon. member is out of order and that there is no question of privilege.

Mr. Gregoire: Mr. Speaker, I rose on a question of privilege because I think the Minister of Finance should be given an opportunity to answer that question. He is not under any obligation to reply, but I think that my question was in order. The Minister of Finance may reply or not and whether he does or does not might become an indication as to the situation. My question of privilege stated that my question was in order and that the Minister of Finance should be given the opportunity to reply.

An hon. Member: Put a motion.

(Text):

Mr. Speaker: I do not know whether I should thank my hon. friend for raising this subject, but at least I can agree with him that it is very interesting. The question really is settled very quickly, in my opinion, by citation 72 of Beauchesne, fourth edition, paragraph 1, which reads in part as follows:

The Speaker's actions cannot be criticized incidentally in debate or upon any form of proceeding except a substantive motion.

There is no motion before the house. If the hon. member wishes to take the matter further I am sure he will present a motion in due course after, shall we say, 48 hours' notice. There is also citation 68 mentioned by the Acting Prime Minister. In so far as the Minister of Finance is concerned, there

seemed to be two people joined in the one matter and I think it should be concentrated on the Speaker if it is going to be concentrated at all.

For these not too lengthy reasons I would rule that there is no question of privilege.

(Translation):

FINANCE

REASONS FOR WITHDRAWAL OF BUDGET RESOLUTION

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, may I direct a question to the Minister of Finance?

Could the minister tell us what were the administrative reasons which compelled him to remove the 30 per cent tax on the sale of Canadian shares to foreign interests?

(Text):

Mr. Speaker: Order, please. Perhaps the hon. member, in view of the fact he has had the floor for some time, would give way to the Leader of the Opposition provided the Leader of the Opposition wishes to pose a question.

EXTENSION OF APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I direct my question to the Acting Prime Minister. In view of radio reports to the effect that the Minister of Forestry indicated in Vancouver on Saturday that it was expected there would be changes and exceptions made with regard to the 11 per cent tax on building materials and machinery, would he advise the house whether such is a fact, so that the uncertainty that has existed will be removed in all parts of the country?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I have not seen the report to which the right hon. gentleman has referred. I shall be glad to ask my office to furnish me with such report. In so far as the changes about which my hon. friend has inquired are concerned, all I can say is that when announcements of that kind have to be made they are made in the house.

Hon. D. S. Harkness (Calgary North): A supplementary question, Mr. Speaker. There have been newspaper reports that the 11 per cent tax on building materials used in the erection of schools, universities and other educational institutions is to be removed. Can the Minister of Finance tell us whether any decision has been reached in regard to that particular matter?

Mr. Chevrier: Mr. Speaker, I am not accountable for reports that appear in the press as to certain changes that are likely to be made concerning items such as he has mentioned. I can only repeat what I said earlier, that when changes are made they will be announced in due course in the house.

Mr. O. W. Weichel (Waterloo North): Mr. Speaker, I would like to direct a question to the Minister of Finance. I understand that the Canadian Daily Newspapers Association have made representation to the government for the removal of the sales tax on machinery and apparatus used in the publishing of a daily newspaper. The Kitchener-Waterloo *Record* in my riding sent a telegram directly to the minister asking him to co-operate in this regard. Will the minister kindly advise me what action will be taken?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, a number of representations have been made to the government about the budget resolutions, and these have been under constant study and consideration. I expect to make a definite announcement on the subject as soon as possible, and in any event not later than next Monday. In the meantime, for reasons that will be obvious to all hon. members, I think, I shall not be in a position to provide answers to questions that have a bearing on the budget resolutions.

Mr. G. L. Chatterton (Esquimalt-Saanich): I wish to direct a question to the Minister of Agriculture. Is the minister aware of the rulings of the officials of the Department of National Revenue that the 11 per cent sales tax is applicable to materials going into greenhouses? If so, would the hon. gentleman, while he is still minister for both the east and the west, advise his colleague the Minister of National Revenue that greenhouse operation is an agricultural pursuit and that materials for greenhouses should therefore be exempt from sales tax, as promised by the Minister of National Revenue?

Hon. Harry W. Hays (Minister of Agriculture): I am familiar with the greenhouse business, as I own some greenhouses. I have had no communication with respect to greenhouses come across my desk as far as I am aware. Those interested would probably direct them to the Minister of National Revenue.

Hon. J. R. Garland (Minister of National Revenue): On Friday last I took notice of a question by the hon. member for Vancouver East regarding direct refunds to contractors and subcontractors who had fixed price contracts signed before June 14. As the hon. member will have noted in the explanation I made to the house recently, a contractor or subcontractor may make claims as soon as he wishes and naturally every effort will be made to see that the claims are paid as soon as possible.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to ask a direct question to the Minister of Trade and Commerce. Has the government any intention of sending a special commercial mission abroad to promote the sale of building materials because of the 11 per cent tax that will eventually lead to over-production?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, may I express the view that we are going to have a very active building year in Canada which will make great demands upon our supplies. But if we have any surplus, which we do from time to time even in the best of years, the Department of Trade and Commerce will miss no opportunity of selling it.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I direct my question to the Minister of Trade and Commerce. In view of the answer he has just given to the question posed by the hon. member for Joliette-L'Assomption-Montcalm, namely that he expected this year to be a good year for construction industry, can we take this as notice that the 11 per cent tax is to be taken off?

Mr. Sharp: No, Mr. Speaker; the answer to that particular question is no, you cannot take anything of that kind for granted.

Mr. D. V. Pugh (Okanagan Boundary): I should like to direct a question to the Acting Prime Minister. Has he, as yet, had representations from the province of British Columbia concerning the increased cost of construction of the Peace river dam resulting from the 11 per cent tax?

Mr. Chevrier: I have inquired of the Prime Minister's office with reference to this matter, and the answer is in the negative.

(Translation):

[*Later:*]

Mr. Gregoire: Mr. Speaker, as a matter of fact, I wished to direct a question to the Minister of Finance regarding a budget resolution which does not exist any more. Could the minister tell us what are the administrative difficulties which have forced him to remove the 30 per cent tax on the sale of Canadian shares to non-residents?

(Text):

Mr. Gordon: Mr. Speaker, I have nothing further to say on the orders of the day.

INQUIRY AS TO NOTICE TO TERMINATE TAX CONVENTIONS

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): I should like to ask the Minister of Finance if the government of Canada, on or before June 30, gave notice of its intention to terminate in whole or in part any of the tax conventions which Canada has with the various countries of the western world.

Hon. Walter L. Gordon (Minister of Finance): No, Mr. Speaker.

TRANSPORT

USE BY DEPARTMENT OF PERSONAL HISTORY FORMS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Transport. Has the minister's attention been drawn to the personal history forms which require that employees of his department and applicants must give information regarding their relatives, their parents in law and other persons for whom they have no responsibility? Would the minister tell the house the reason for requiring employees and applicants to supply information of this type?

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I had notice of this question, and I find that the form referred to is a standard form that has been in use continuously since 1951 in all or nearly all departments and government agencies, so far as I know. As to the reason for requiring employees and applicants to supply this type of information, I will look into that matter and see what I can find out.

TRADE

EUROPEAN COMMON MARKET—IMPORT TARIFF ADJUSTMENTS

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I have a question I should like to direct to the Minister of Trade and Commerce. With respect to the import tariff adjustments announced over the week end by the European common market countries, at which time it was stated that tariffs to non-member countries were also adjusted, was Canada given any consideration and, if so, on what items?

Inquiries of the Ministry

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, like the hon. member I also saw this item in the paper this morning. The changes that have been made follow from previous negotiations, and in so far as we were involved our particular point of view was taken into account. I shall, however, see if there is anything more specific about the items that would accrue to Canada's benefit.

NATIONAL DEFENCE

D.E.W. LINE—DISMISSAL OF CANADIAN EMPLOYEES BY U.S. COMPANY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to direct a question to the Minister of National Defence. I do so because almost two weeks ago I met with the minister and the associate minister relative to a threatened breakdown of operations on the D.E.W. radar line. I understand this has now, in part, taken place, and I therefore desire to ask the minister, because of my meeting with him, will he please tell the house the present situation on the D.E.W. radar line, and whether the Federal Electric Company of the United States, which holds a renewed contract on the D.E.W. radar line, will be made to live up to Canadian laws and standards relative to employment practices?

Hon. Lucien Cardin (Associate Minister of National Defence): Mr. Speaker, over the past week or so statements were made on this particular subject, and it has been made clear that the D.E.W. line is the responsibility of the United States government. It is the United States government that has given the contract to Federal Electric Company for the operation of the D.E.W. line. The Canadian government is involved only through the Department of Labour, which looks after relations between the Canadian civilian personnel on the line and the United States company. There is very little more that can be said at this stage. However, I shall take the hon. member's question as notice and make a report to the house later.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I asked the associate minister of defence a question last week which he stated he would take as notice—

Mr. Cardin: I answered the question, I think on Friday last.

Mr. Winch: I have a supplementary question for the Minister of Labour. Do I understand from what the minister has now said that on the D.E.W. line in Canada, the United States controls it and he has no influence at all on labour relations?

[Mr. Noble.]

Mr. Cardin: The responsibility for the operation of the D.E.W. line is a United States responsibility.

Mr. Winch: As a further supplementary question, are there not hundreds of Canadians working on the D.E.W. line?

Mr. Cardin: Yes, Mr. Speaker, there are Canadians working on the D.E.W. line, but they are working for a United States company which has a contract from the United States government.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a further supplementary, Mr. Speaker. Is the minister saying that the government has no responsibility to see that a United States company operating in Canada carries out its obligations to its employees?

Mr. Cardin: No, Mr. Speaker, I did not say that. I am sure the hon. member wishes to be fair about this. The Department of Labour has a responsibility with regard to Canadian civilian personnel on the line.

NUCLEAR WEAPONS—REPORTED U.S. INTENTION TO CUT BACK SUPPLIES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, because of the absence of the Secretary of State for External Affairs (Mr. Martin) I should like to address this question to the Acting Prime Minister. In view of the reports over the week end that the United States is considering a cut back in its supplies of nuclear weapons, may I ask whether the United States informed the Canadian government of this decision and whether this has any effect on Canadian government policy in this field?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, this is a question that I realize is of a more or less contentious nature. I shall ask permission to take it as notice and will bring it to the attention of the Secretary of State for External Affairs when he is here tomorrow.

GRAIN

SASKATCHEWAN—INQUIRY AS TO DELIVERY QUOTAS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, last week the Minister of Trade and Commerce said he would refer to the Canadian wheat board my question regarding slow deliveries of wheat from points in the eastern half of Saskatchewan. Following his meeting with wheat board officials, perhaps he can now explain the low wheat quotas in that area.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, as the hon. member has said, I had the privilege of spending last week end with the wheat board and the advisory committee, and I discussed with them the question raised by the hon. member. They pointed out to me that this is the usual pattern of quotas at this time of year. Those in eastern Saskatchewan are lower than those in western Saskatchewan because grain is shipped from the port of Vancouver all year, so that winter month quota deliveries to Vancouver advance more rapidly than those at delivery points tributory to the lake head, and of course delivery points in western Saskatchewan in recent years have been considered tributory to Vancouver. The board further said to me that they will make every possible effort to equalize delivery opportunities in western Canada at 12 bushels an acre.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I have a supplementary question. Would the minister take into consideration assuring that these delivery points receive the requisite number of box cars to take away the grain that is stored at the present time? This is our trouble, it is not so much the quotas but the lack of box cars to take the grain away from the elevators.

Mr. Sharp: I shall bring this to the attention of the wheat board.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a further supplementary question. Can the minister inform the house when shipments will commence from the port of Churchill, and whether instructions have gone out to have box cars allocated at country elevators for shipments to Churchill? If not, when will box cars be allocated?

Mr. Sharp: Mr. Speaker, all I can say in reply is that I am sure the wheat board is just as anxious as the hon. member to have the maximum movement out of Churchill. I shall make an inquiry of the wheat board and pass on any information I get to the hon. member.

WHEAT—INQUIRY AS TO PAYMENT OF $2 PER BUSHEL

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Agriculture concerning a subject with which I am sure he will be quite familiar. I wonder whether, as a result of his recent visit to Saskatchewan and the plea laid before him by the Liberal leader in that province, consideration is now being given to the introduction of legislation to provide for a guaranteed payment of $2 a bushel for wheat.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, this is a matter of government policy which will be announced in due course.

INDUSTRY

URANIUM—FINANCIAL COMMITMENT OF GOVERNMENT IN STOCKPILING PROGRAM

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, while I am on my feet I should like to refer to some questions asked in my absence concerning the announcement made by the Prime Minister on uranium. The hon. member for Winnipeg South Centre asked the Acting Prime Minister—who I believe said I would answer these questions on my return—as to the financial commitment made by the government in this stockpiling program. As hon. members will have noted from the Prime Minister's statement, the government said that it is prepared to buy and stockpile the quantities of uranium that will enable certain mines to maintain present employment until July 1, 1964, at prices that will cover the operating costs of the mines to that date.

There are a number of uncertainties involved. First of all it will be necessary to find out how much uranium will be produced by these mines in order to keep them operating until July 1, 1964, and it will also be necessary to negotiate the prices that will cover the operating costs of the mines. Therefore it is impossible to give a very firm figure. However, I have consulted with Eldorado about the order of magnitude, and I can reply to the hon. gentleman that it will probably be of the order of $20 million. This figure is not exact, and is of course subject to negotiation. As the Minister of Finance said in reply to a later question, as and when these negotiations are completed the proposals will be put before parliament for approval including a supplementary estimate for the purpose.

The hon. member for Burnaby-Coquitlam asked the Acting Prime Minister whether the assistance forthcoming under this announced plan would be applicable only to the uranium companies named in Ontario and not to those in Saskatchewan operating in the Beaverlodge and Uranium City areas. As I understand it, there are two mines at Beaverlodge; Gunnar, which is closing because of lack of ore, and Eldorado which has already stretched out its contract so that it will be operating beyond July 1, 1964, which is the period covered by the announced stockpiling for the

other mines. So in fact, nothing needs to be done or could be done with respect to those mines.

Finally the hon. member for Springfield directed a supplementary question to the Acting Prime Minister and asked whether he would investigate and report to the house on what the private uranium producing companies were doing in view of the fact that they have received $2½ billion in government contracts and had "made some $400 million in profits".

Mr. Speaker, these contracts were not in effect with the Canadian government. Eldorado was buying the uranium on behalf of the United States and British governments, and was simply the conduit pipe through which the uranium flowed. I do not really feel under these circumstances it would be required of any minister of the Canadian government to be either a critic of or an apologist for these uranium companies.

[*Later:*]

Mr. Jack McIntosh (Swift Current-Maple Creek): I have a question for the Minister of Trade and Commerce having to do with the decision to stockpile uranium at a cost of $20 million to the Canadian people. Were any precautions taken to see that during this period no dividends or profits would accrue to the companies to which these benefits would be paid?

Mr. Sharp: Negotiations are under way at the present time and the purpose of the negotiations will be to agree on a price that just covers the cost of operation, so it should not have any effect on the dividend position. May I point out to the hon. member that the $20 million is not necessarily spent. We hope we can recover this investment plus the interest, at the time uranium will again be required.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO STEPS TO PREVENT POSSIBLE STRIKE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in the absence of the Minister of Labour may I direct my question to the Minister of Transport. Could he inform the house what action is being taken, or what steps have been taken, to resolve the differences between the operating or I should say the running trades of the Canadian National Railways and the management of the railway in the western region, following the announced deadline for a possible strike on August 17?

[Mr. Sharp.]

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I do not know whether it is a fair way of describing the situation to say that there is a difference between the running trades and the railways. There are some difficulties in the area, but I would not wish it understood that the unions as such are taking a different point of view than the railways. In any event, the railways have been very closely in touch with this situation and at the moment it would appear that the danger of a strike is less than has been indicated.

(Translation):

DOMINION—PROVINCIAL RELATIONS

SUBMISSION TO PROVINCES OF MUNICIPAL LOAN LEGISLATION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to ask a question of the Acting Prime Minister. In view of the fact that he was elected by the people of a Quebec riding, will the minister grant the request of Quebec and see to it that the bill concerning municipal loans be referred to the interprovincial conference to be held in Halifax, which would be in the interest of national unity.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I believe the hon. member gave a reply to his own question when he asked that the bill be submitted to an interprovincial conference. I am rather of the opinion that if we must have consultation, it should be at the level of the provincial premiers and the federal government.

Mr. Pigeon: Mr. Speaker, may I ask a supplementary question? Does the Acting Prime Minister intend to submit this bill to the interprovincial conference and to suspend our proceedings on it until the legislation has been examined by the provinces.

Mr. Chevrier: Mr. Speaker, I believe this question has already been answered negatively. In any case should there be any change, it will be announced in due time.

(Text):

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. With regard to the municipal development and loan board legislation, could I ask the Minister of Finance whether he had any consultations with the provinces before that legislation was introduced.

Hon. Walter L. Gordon (Minister of Finance): No, Mr. Speaker.

EXTERNAL AFFAIRS

WEST BERLIN—INQUIRY AS TO CONSULTATION RESPECTING STATEMENT BY PRESIDENT KENNEDY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the hon. and peace loving Acting Prime Minister. I sent notice to the Secretary of State for External Affairs, but I presume the staff work is of such excellence that a copy of my question is already on the Acting Prime Minister's desk.

Was the government of Canada consulted by the government of the United States prior to President Kennedy's announcement in West Germany that he was willing to risk the destruction of United States cities in the defence of West Berlin?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I must agree with my hon. friend that the Department of External Affairs is a very competent and fast operating department, but unfortunately they did not forward the question to me and I am afraid I shall have to take it as notice.

(Translation):

APPOINTMENT OF CANADIAN REPRESENTATIVE TO VATICAN

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I should like to put a question to the Prime Minister but, on account of his absence and that of the Secretary of State for External Affairs, I shall put it to the Secretary of State. Could he confirm or deny a report or press release on which the C.B.C. commented last Sunday, to the effect that the federal government intends to appoint an ambassador to the Vatican?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, when a decision is made concerning the matter raised by the hon. member, it will be announced in due time.

NORTHERN AFFAIRS

QUEBEC—ADMINISTRATION OF ESKIMO AFFAIRS

On the orders of the day:

Hon. Theogene Ricard (St. Hyacinthe-Bagot:) Mr. Speaker, may I direct a question to the Minister of Northern Affairs and National Resources? Can the minister tell us if he has personally accepted the report issued following the meeting held last week between the authorities of the province of Quebec and himself about the administration of Eskimo matters in northern Quebec?

(Text):

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, last week the Minister of Citizenship and Immigration and myself, representing the federal government, had a meeting with Hon. Mr. Levesque and Hon. Mrs. Kirkland-Casgrain, representing the province of Quebec. As a result of that meeting we asked our respective officers to bring in a report within two weeks as to how the expressed intentions of the province of Quebec might be related to the operations of the federal government in respect of Eskimos there; in other words, how the operations of administrators in that area of Quebec, from a provincial point of view, could be made to coincide, without clashing, with the work which the Department of Northern Affairs and National Resources is doing there in respect of Eskimos. We are now awaiting the report of the officers, which should be received in about ten days time.

(Translation):

Mr. Ricard: May I ask a supplementary question, Mr. Speaker? Is the minister of the opinion that the evidence found in the statement by the present administration is, in itself, an indication of the authority with regard to that matter?

(Text):

Mr. Laing: Mr. Speaker, I do not understand the question.

(Translation):

Mr. Ricard: With regard to the jurisdiction about the problem in question, is there a possibility, in the minister's mind, that a transfer of jurisdiction from the federal to the provincial authorities might take place in this respect?

(Text):

Mr. Laing: Mr. Speaker, in reply to that question I think it would be premature at this time, pending a report from our officers, for myself or Mr. Levesque to say what may be the outcome. These officers are committed to probing the situation in respect of their respective areas of administration at the present time, and to report back to us jointly. When we get that report decisions may well be taken, or the matter may be again studied.

INQUIRY AS TO PAVING OF ALASKA HIGHWAY

On the orders of the day:

Mr. Bert Leboe (Cariboo): I have a question for the hard working Minister of Northern Affairs and National Resources. Is the minister in a position to make a report to the house concerning any negotiations he is carrying on with the Department of National Defence relative to the paving of the Alaska highway?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): No, Mr. Speaker, not at this time.

ROYAL CANADIAN NAVY

REPORTED REFUSAL TO PERMIT RE-ENLISTMENT OF PETTY OFFICER

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I wish to direct a question to the Minister of National Defence. Has his department concluded his inquiries into the case of Eric Petersen, dismissed from the navy because his father in law was said to be a communist, and if so can the hon. gentleman report the results to the house?

Hon. Paul Hellyer (Minister of National Defence): I did not hear this question clearly. Was the hon. member referring to Mr. Petersen?

Mr. Orlikow: Yes.

Mr. Hellyer: The inquiry is not yet complete. I hope it will be completed in two or three days, and then I shall be able to report to the house.

AGRICULTURE

DIELDRIN—USE AS GRASSHOPPER AND INSECT SPRAY

On the orders of the day:

Mr. C. O. Cooper (Rosetown-Biggar): I should like to direct a question to the Minister of Agriculture. I am sorry I did not send him notice. Owing to the fact that there have been many prosecutions of farmers for having dieldrin chemical in their cream, and bearing in mind that in many cases they are innocent victims because many municipalities are using this preparation as a means of getting rid of grasshoppers—

An hon. Member: Question.

Mr. Cooper: All right; you get up and talk and I will sit down. I want to ask the minister if he has given any consideration to outlawing the use of dieldrin as a grasshopper and insect spray.

Hon. Harry W. Hays (Minister of Agriculture): This is a serious problem and it is being watched very closely. There are people being prosecuted because animals are being fed grain with this chemical in it. We are watching this carefully. I am glad the hon. member has brought it to my attention.

Mr. Cooper: This is not found in the feed. Municipalities use this insecticide on road allowances. Cattle may pick it up and six months later this situation arises.

[Mr. Leboe.]

Mr. Hays: If the hon. member would send me a report of where the municipalities are doing this spraying, we would be glad to take a look at it.

Mr. Martineau: Besides watching the situation very closely, is the minister doing anything about it?

REPORTED STATEMENT RESPECTING ADDITIONAL MINISTER

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to try and track down a mystery I have been working on the last four or five days. This question is addressed to the Minister of Agriculture. On June 22 the Winnipeg *Tribune* quoted the Minister of Agriculture as having said that a certain matter concerning a bill to create two ministers of agriculture had not yet been discussed in cabinet. This statement was put in quotation marks. My question is, is this an accurate statement of the facts?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, if the hon. member will change "cabinet" to "commons" he will have the answer.

Mr. Hamilton: Do I understand from the minister's answer that it was the reporter who made the mistake and not the minister?

INQUIRY AS TO LOANS TO TOBACCO FARMERS

On the orders of the day:

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, while I am on my feet, the hon. member for Oxford asked me whether it was the intention of the government to discontinue the granting of loans by the Farm Credit Corporation to tobacco farmers. The answer is no, it is not intended that the granting of loans by the Farm Credit Corporation to tobacco farmers be discontinued.

FORESTRY

CAPE BRETON—INQUIRY AS TO IMPROVEMENT PROGRAM

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for the Minister of Forestry. In his absence I could possibly direct it to the acting minister or to one of the ministers from the Atlantic provinces, perhaps the Secretary of State.

On June 18 I put a question to the Minister of Forestry on the progress of an agreement between the Department of Forestry and the government of Nova Scotia in regard to the forest stand improvement program in Cape Breton. At that time the minister said

he hoped to make an announcement at an early date. I am sure the Secretary of State appreciates the urgency of this matter. Would he bring it to the attention of his colleague so that men can be put to work as quickly as possible?

Hon. J. W. Pickersgill (Secretary of State): I should be happy to do so. I have the impression that my hon. friend did see the appropriate minister in Nova Scotia and discuss the matter with him the other day.

TELEVISION

REQUEST FOR REBROADCAST OF DOMINION DAY PROGRAM ON PARLIAMENT HILL

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I desire to direct a question to the minister of state. In so doing I wish to rise on a question of privilege, and I do this because it is the only way in which I think I can be in order.

I think it would be a dereliction of duty on the part of the members of this house if we did not express through you, Mr. Speaker, our appreciation of all those who took part in the program on parliament hill yesterday, Dominion day. It was something which we in this house should note. Despite the humidity and the temperature, all those who took part did amazingly well. How they did it I still do not know and we should not be slow in offering our thanks to them. That is why I am rising at this time.

This leads to my question. A special note should be taken of the program between seven and nine o'clock last evening. I assure you, Mr. Speaker, that in the ten years I have been in this house and elsewhere in the world I have never seen such a wonderful spectacular program as that which was put on for two hours by the armed services and the R.C.M.P. I believe it is unexcelled in Canada and throughout the world.

Having raised this as a matter of privilege, let me now address my question to the Secretary of State and ask him whether the entire program from seven until nine last night was recorded on television tape. If so will early provision be made so that Canadians across Canada can see what a few of us had the privilege of seeing on Dominion day on parliament hill?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, though perhaps it is not strictly in order, I should like to join with the hon. member for Vancouver East in the words of commendation he has just uttered. I was present at the ceremony; in fact I had some kind of constitutional responsibility for what went on last night. But I take no credit for it; the credit goes where it should go, to the armed forces of Canada and to the R.C.M.P. I yield to no member of this house in my admiration of the wonderful performance they put on. I agree that no other country could have done any better.

Now, sir, I did observe that there were a good many cameras there. I cannot answer the question asked by the hon. gentleman right now, but I will make inquiries and give an answer later.

(Translation):

STORMS

REPORTED DAMAGE BY TORNADO IN CHAPLEAU CONSTITUENCY

On the orders of the day:

Mr. Gerard Laprise (Chapleau): Mr. Speaker, what I have to say does not logically follow the question just asked, but I would like to point out that we have found a market for building materials in Abitibi.

May I direct a question to the Acting Prime Minister? Last Sunday evening, the greater part of my county was suddenly swept by a tornado, and about two hundred farms were destroyed. I would like to know whether the government has received requests for help, or whether it proposes to extend any assistance to this stricken area?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, as far as I know, no requests have as yet been received by the Prime Minister's office. However, as the problem is of particular interest to the hon. member, may I draw his attention to the fact that responsibility for a disaster of that kind rests primarily with the provincial authorities. Should the latter find themselves unable to help out the municipalities concerned, the latter might submit their request to the federal government. Nevertheless, if the province of Quebec wished to ask the federal government for help on behalf of the municipality concerned, my hon. friend may rest assured that this plea would be examined with the utmost sympathy.

(Text):

AIR TRANSPORT

USE BY MOUNTED POLICE OF STRIKEBOUND PLANES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Justice. Last Thursday, in amplifying an answer he had given me earlier, the minister indicated to the hon. member for Burnaby-Coquitlam that he would raise with the commissioner of the R.C.M.P. the question of the continued travel by members of that force

on strikebound planes of Pacific Western Airlines between Calgary and Edmonton. I am wondering whether the minister has any further information to give the house on this subject.

Hon. Lionel Chevrier (Minister of Justice): Yes, Mr. Speaker. I have simply this to add, that I have looked into the matter and I find that no government decision in that respect has been made.

LABOUR CONDITIONS

QUEBEC—STRIKE AT SOLBEC COPPER MINE

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I should like to direct my question to the Minister of Labour. Has he received any report yet on the strike at Solbec copper mine which has been going on since March 1, and into which he told the house the other day he was going to inquire?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, in the absence of the Minister of Labour I shall take that question as notice and bring it to his attention.

(Translation):

NATIONAL CAPITAL COMMISSION

REPORTED STOPPAGE OF WORK ON PARKWAY

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct a question to the Minister of Public Works. In view of reports published in the Ottawa *Journal* of last Saturday to the effect that work had practically stopped on the N.C.C.'s Ottawa river parkway, could the minister tell us whether work has actually ceased and especially what is holding up the signature of an agreement between the N.C.C. and the city of Ottawa?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I shall take the hon. member's question as notice and answer it in a few days.

Mr. Speaker, while I have the floor, I should like to have a correction made on page 1685, where I am quoted as saying "the hon. member for Albion" instead of the "hon. member for Elgin".

(Text):

ROYAL CANADIAN MOUNTED POLICE

APPEAL BOARD TO DEAL WITH SECURITY CASES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Justice. About three weeks ago the minister undertook to give consideration to the setting up of an appeal board to review on application cases of persons who had been labelled as security risks by the R.C.M.P. Has the minister come to any conclusion with reference to setting up this appeal board?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, it is true that I did undertake in this house some weeks ago to give consideration to this matter. Consideration is still being given to it. I think I should advise my hon. friend that in this case, as in like cases, one must remember that there are a number of government departments, 25 or more, a large number of crown corporations and government agencies, and that all these departments, crown corporations and government agencies must be approached and the matter must be discussed with them. So I am not in a position now to come to any conclusion, nor do I anticipate that it will be possible for me to come to a conclusion in the immediate future. It will take some time before this rather important question can be carefully considered, but I can assure my hon. friend that it is being thus considered, and as soon as I am in a position to advise the house I will do so.

POWER

PEACE RIVER—APPLICATION FOR CONSTRUCTION OF DAM

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I wonder if the Minister of Justice could answer the question I asked previously about whether the officials have come to any opinion as to the legality of the work being proceeded with on the Peace river dam by the British Columbia government; that is, if the work is still proceeding in the face of the 11 per cent tax.

Hon. Lionel Chevrier (Acting Prime Minister): Yes, Mr. Speaker, this matter is now being considered by officials of the two departments concerned, and the position of the government as to the application of the Navigable Waters Protection Act and related matters will be made known in due course.

HEALTH AND WELFARE

INQUIRY AS TO FURTHER PROPOSED LEGISLATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): On June 26 last, through shortsightedness on my part, I addressed a question to the Minister of National Health and Welfare during her absence. At that time I asked if it was her intention to introduce any further legislation prior

to the recess relating to the responsibilities of her department. Her parliamentary secretary took the question as notice, and I have heard nothing since.

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I know as yet of no recess, and that being the case it is a very difficult question to answer. I should like to thank the hon. gentleman for giving me notice previously, but I can only suggest that at such time as the government decides upon policy, and at such time as policy decisions with regard to my department are made, they will be announced in due course.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Can the hon. lady tell us whether we may look forward to the government proceeding, say some time this month, with the legislation respecting a Canadian pension plan?

Miss LaMarsh: May I say that I hope the hon. gentleman will, like this government, always look forward.

Mr. Knowles: May I ask a supplementary question. If there is to be any delay in bringing forward this legislation will the government consider separating from it the proposed increase in the old age security payment so that those who are looking forward to this increase may get it at an early date?

SUPPLY

Hon. Walter L. Gordon (Minister of Finance) moved that the house go into committee of supply.

ECONOMIC POLICIES—ALLEGED CREATION OF CONFUSION AND CHAOS

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in the tradition of parliament this motion gives an opportunity to hon. members to bring to the attention of government matters of national or local interest that are deserving of the immediate consideration of the government of the day. Today I do not intend to speak at length. I am going to devote myself to dealing particularly with one matter and on the basis of that matter to move an amendment.

It is the accepted principle of parliament that the opposition has a responsibility to bring before the people as a whole those matters which are of transcendent importance and which require, as I said a moment ago, the earliest possible attention. That is the essence of the concept of Her Majesty's loyal opposition, a concept which arose over 125 years ago, and gives to the opposition the responsibility of placing before parliament matters regarding which it believes the government has been in default. It must be reasonable; it must be responsible, but it also must be fearless in placing the viewpoint of the people before the representatives of the people.

This has been the attitude of this opposition during the present session. We have endeavoured, by examination and cross-examination, to bring about changes which in our view are necessary. No government has a monopoly of doing things with perfection. I know from my own experience over the years that often I have been strongly in support of a change that I believed was necessary only to learn, in retrospect, during the course of an examination in the house and the weighing of the issues by those on the other side of the house, that there were two sides to the question.

Three weeks ago tomorrow the budget was introduced. Of course I cannot deal with the budget in any way directly, but there are some matters which come within the purview of the right of an opposition at a time like this. For instance, I could not deal with a matter that appears in today's *Gazette*. I find that Mr. John Meyer, financial editor, writes an article headed "Sales Tax Extension Must be Withdrawn". This would be an improper stand for me to take; that is, to bring it before the house, laudable though the objectives be and although I agree with the thought expressed by the writer.

I look back a few months, sir, and I think of what the members of the government said then and of the changes that have taken place in the intervening months. Do you recall how they spoke with such authority? "Let us get the economy moving", they said. They did not say which way. The promises they held forth of expansion in our development have been proven, in the light of subsequent events, a great hoax perpetrated on the people. Indeed, there is no one on that side of the house who last year prated of Canada's economic deterioration who would dare say today that the increase in the national product of 8 per cent is going to be equalled this year. Indeed, they are down 3 per cent below that.

They had all the answers, Mr. Speaker. Give them an opportunity; give them but 60 days, and all would be well. Promissory notes carry with them three days of grace. We will give them far more grace than that. We have done so already, and we know on the basis of what has taken place that the promises of a few months ago have in the light of experience become the mirages of today.

Can we get information? We had an example today. I doubt that in the history of

this country a government has had its stock fall faster in a period of three months than this government has. The reason is that the plans of yesterday, those that we know of, have become not the programs of today but the hopes of tomorrow. There is no excuse for what they have done in the fact that they were rushed, that they created their own boobytrap in the 60 days. They had the answers, Mr. Speaker.

An hon. Member: Two years ago.

Mr. Diefenbaker: Three years ago, four years ago. They cannot put the blame on the Minister of Finance. I feel sorry for him sometimes because one would think he was to be made the scapegoat. Nothing of the kind. He represents the leadership given to the government over there. They followed him. They know where they are. I am not joining in the call to make him the scapegoat. He gave them the plan. He gave them the program. He wrote a book. They read and were convinced.

An hon. Member: Throw the book at him.

Mr. Diefenbaker: Now they would have us believe that the reason they brought before the house plans ill digested, ill thought out and ill timed lies in the fact that they have been in a rush. It is not for me today to go back and read "Troubled Canada" but, sir, all these things that have been before parliament in the last few weeks were set out in great detail or in magnificent outline.

In the short time that parliament has been in session we have found how difficult it is to get information. The Minister of Agriculture is generous in this regard. When we ask him we get information. The other ministers, however, have much to learn from him. The kind of answers we have been getting have been nothing but a series of postponements, procrastinations and promises of future action.

I heard over the radio yesterday that parliament is going to sit without a summer recess unless the opposition passes the legislation that the government has placed before the house. Surely that is a strange view. We will support legislation that we believe to be beneficial. We will weigh the arguments pro and con in regard to that legislation. But let me make it clear right now that we are not going to be intimidated into supporting resolutions that will be brought before the house just because the government brings them forth and regardless of the ill effects upon the Canadian people, which are already apparent.

I mentioned a moment ago the hopes, and we look back to what the Minister of Finance said; because after all he became the self appointed tribune of the people. He carried the message. He told us what was wrong. He told us what we needed. I do not blame him. Some people are so self appointed that they can do that. He said that these things should be done. On February 28 he used certain words, and I point out to those across the way who may be thinking of interrupting that they said "This is right; we can follow him and his ideas and bring about a new Canada". This is what he said on February 28:

> What Canada needs is a government that knows where it is going—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I want to read the rest of it.

> —is prepared to make decisions and has enough pride and energy to push those policies through to a conclusion.

I ask you, Mr. Speaker, to think of the record since this house opened. Measure it on the basis of the program set out by the Minister of Finance. A government that knows where it is going? When questions were asked today as to what the government is going to do about the sales tax on production machinery and building materials the answer was in effect the answer we have had for several weeks. "Wait and see; some time I will give you an answer". Today in answer to the hon. member for Waterloo North the minister went as far as to say "Next Monday".

Is this the directional planning, so-called, that Canada needed? Where is Canada going? On the basis of what has taken place in the last few weeks and the uncertainty of this government, Canada's economy is going to be undermined in every part of the land. That is not my view alone. That is the view of Canadians in every part of Canada. Indeed, the Postmaster General should be able to have a healthy profit in his department if postage is paid on all the messages being received by the government which are critical of its actions and demanding action.

Mr. Denis: It could not be worse, anyway.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I believe the minister is right. The scripture says, Mr. Speaker, "Out of the mouths of babes". I must say I am in agreement there. It could not be much worse, though I will say that on the basis of what is taking place with regard to the economy in every part of Canada it is the purpose of the opposition to assure that it shall not be worse. That is what we are setting out to do, and this has been the reason for the questions we have asked.

Let us get the picture. The government is asking for a vote of supply. They promised—I remember hearing this over and over again—to restore confidence. I should like to find any part of Canada where on every hand, among those supporting their party and those opposed as well, there has ever been a like loss of confidence in such large measure and in so short a time. Restore confidence? Go to the markets of New York. Go to the markets of London. Find out what their reaction is. They cannot understand the philosophy of the government. They do not understand the philosophy that activated it in bringing into effect the promise of measures that cannot but destroy, or certainly undermine, the economy.

Sir, they said we overspent, and they said they would balance the budget. They changed that a bit in the last election and said it would take a little time. It will, at the rate they are increasing expenditures. They will never be able to do it on the basis of the extra expenditures they have already undertaken since assuming power.

In every part of the nation the economy is in disarray. There is uncertainty due to the vacillation of a government that makes a great decision with a fanfare of trumpets one day and reverses it the next. The government speaks of anti-Americanism as though the opposition had a monopoly of it, but it puts into effect measures that out anti-Americanize anything ever introduced in this house previously. It has alienated the image of Canada abroad.

What about the various industries of Canada? What about the construction industry? In every part of the nation the hope was for an expanded investment on the part of Canadians everywhere. That was a few weeks ago; but today the industry is in the doldrums, fearful of the consequences of acts of legislative assassination that it faces.

Government plans, so eloquently placed before the country, have brought a fear to the people of the nation that has never been known before. Mr. Speaker, I am not discussing the budget; I shall refuse to do that. What I am doing is discussing the state of the economy.

Just go to any part of Canada and take a poll of the people you meet. Ask them what is their reaction. They cannot understand that on parliament hill, when incentives should be assured in order to bring about further expansion of an expanding economy which the government inherited, the brakes are being put on. Why is this? Yet, with the people afraid and angered, and with employment in grave danger, when we ask the answer is, "I have nothing to add; I have nothing to say." Would that the minister had done that before he started to introduce some of these measures.

They used to say of the government, of which I had the honour to be the head, that business thought we did not take the proper attitude to it. Well, I would ask some of the ministers across the aisle to go to Montreal, Toronto, Winnipeg, Halifax or Vancouver and let the people talk to them. They cannot understand it. They ask: What manner of people are these?

When the government, with fearlessness, introduced the 30 per cent takeover tax there was strong objection from the powerful. Indeed the retreat from it was almost a riot. But when we ask for information about what is going to be done we cannot get it. Are construction industries to be held up because of the refusal of the government to explain the sales tax? What of the provinces? Mr. Lesage has given his views in this regard. The government used to quote him frequently; it does not do it so much any more. What about the municipalities and schoolboards across Canada?

What about the businesses that planned for development? Is the inertia of the government to be permitted by parliament to interfere with the continuing growth of the nation? We ask for information but we are answered by silence, by being pushed aside, or by some new gimmick or press propaganda wherein some new policy is announced.

I have just mentioned Mr. Lesage. He is disturbed, as are Canadians everywhere. In fact he said this:

> This is very serious, especially when one realizes to what point school completions, municipalities and hydro will be affected; more than $5 million in 12 months in tax, nothing but tax, 11 per cent.

The Canadian construction association has said the industry will lose $100 million in construction work that was ready to be undertaken. The Canadian magazine owners and the press cannot understand this tax, and I would remind the house that we brought in and placed on the statute books of this country the right of freedom of the press. Where is the freedom of the press today? It is subject to an imposition of tax on the machinery that produces the things which provide education for the people.

The O'Leary commission said we were in danger of losing Canada's identity because Canadian magazines could not compete with imported magazines. If they could not compete at that stage, how will they compete in the face of this tax impost on machinery? Every field of national effort cannot understand the purpose of a government throwing monkey wrenches into the machinery of an advancing economy.

Alleged Confusion in Economic Policies

The government speaks of employment, but what it has done in the last few weeks, if it is able to put it into effect, will bring about new levels of unemployment at a time when we had the situation in reasonable hand. Canadians as a whole are asking us in parliament, "Why do you do this; why crucify Canadian development?" We cannot get the answers. We are being put off. We are advised that next week or the week after there will be announcements; but every day that this is said the Canadian economy is left in uncertainty and detriment is being done to it.

Hon. members of the government used to speak of the necessity of building a pro-Canadian attitude. That was their policy. But in his book the Minister of Finance said:

> In our view there are definite limits as to what should be done about this matter, and compulsion and discrimination should certainly not be countenanced.

That is, against foreign investment. I will not go into the particulars as to what they have done in this regard. Sir, it is a serious situation for Canada. These hon. gentlemen opposite must not have the same correspondence that we do. The Minister of Agriculture (Mr. Hays) was out west: I wonder what he reported back as to the reaction. Two of the ministers have been down in the maritimes, I understand; some ministers have been in Quebec and others in Ontario. Everywhere the question is, "Why are you doing this to us?" and the answer is, "Because Mr. Gordon told me so". Every one of them must take the responsibility; they are together on this.

Sir, I am not going to refer to newspapers, unless I am forced to do so; but everywhere across this nation there is the idea that this government is off the rails in its economic thinking. The average Canadian cannot understand why this has been done. He sees the threat to his position; he already anticipates losing the job that he has. He sees great projects being held up. Why? Because the government refuses to act. I come back to those words of the Minister of Finance:

> What Canada needs is a government that knows where it is going.

Certainly I know where Canada is going unless something is done in this regard. The Minister of Finance said we need a government that knows where it is going and is prepared to make decisions. What decisions have been made? The decisions on matters that affect the economic future of Canada have taken second place to decisions that provide for appointments and the like. Everywhere across Canada people are asking that something be done in this regard. I received a telegram today from the chairman of the Ontario council of the national house builders association which reads:

> In this position I must again point out the alarming impact of sales tax on house building materials. This is abundantly evident in sales cancellations, indefinite postponement of starts across this province with lay-offs now becoming evident. I urge you ascertain the chaotic situations and uncertainty in this industry which are having serious repercussions upon unemployment and reinstate exemptions to this important industry.

That is signed by Eric Johnson, chairman of the Ontario council of the national house builders association. Mining companies are hit by it in regard to their machinery and the necessity of providing the projects necessary to permit of mining taking place. Mines will have to close down because of this new tax. Secondary manufacturing in Canada has received a setback by the threat of the kind of action this government has in mind. It is because of these things that from everywhere members of all parties are being asked to do their part to save Canadians from this government; that is what we are being asked to do. The Orillia *Packet-Times* summed the whole matter up in one editorial. I am not going into particulars, again, unless I am asked to do so. This article is headed "Gordon finds that 'ruin' looks better from inside" and it says this:

> Stranger still is the new government's financial review of 1962; the year in which Canada was supposed to be headed for ruin. It turns out that 1962 was not only a pretty good year, after all, but was actually one of the best ever for this country, with a rate of economic growth and activity that the new government would be only too pleased to sustain, let alone improve on.
>
> In other words, the economic disaster Canadians were warned about so frequently a few months ago, existed only in the minds of the Liberal party publicists. There was, in fact, no crisis and certainly the Liberals had no drastic remedy handy had there been one. The whole was so much wind, designed solely to waft the Pearson party into power.

And so it goes on. I have mentioned the fact that we cannot get information. I have referred to the suggestion that unless we knuckle down and pass the kind of legislation that will be introduced in order to implement the plans of this government, we are going to sit all summer. Let me make this perfectly clear; we will not be intimidated in that way. We are not going to pass legislation that we know is going to affect detrimentally the Canadian people, just for the sake of something that every hon. member would like to have and has a right to, a certain vacation during the summertime. We are not going to be intimidated like that.

Now, sir, I said I was not going to speak at length, because I am so anxious to hear what the answer is. The facts are known; they are unchallengeable, and the aroused Canadian people are asking parliament why it cannot get action in this regard and protect them against the proclivities of a government

in its policies that can only adversely affect this country. That being so, sir, I move, seconded by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan):

That this house regrets that the government by its failure to clarify many doubts and uncertainties in some of its economic policies has created and continues to create confusion and chaos in various sectors of the economy, thereby contributing to a lamentable slowing down of expected expansion and growth.

I shall pass this to you in a moment, Mr. Speaker, but I wanted the house to know what the amendment was. The doubts remain because every minister of the government sits tight, refuses to answer, refuses to hold out any hope as to what is going to be done. The dribbles here and the dribbles there take away something that has already been directed. There is uncertainty and confusion everywhere. The result is that many of the major sectors of our economy are seriously concerned with this situation. A moment ago I spoke of the construction industry, the building industry, the low production mines; and on the farm and everywhere there is an overwhelming demand by the Canadian people for information and action now, not the kind of thing we have had for 18 or 19 days, uncertainty, moving forward by declaration and then retreating in the face of an aroused public opinion. I know it is going to be hard for them to do it; it is going to be a bitter pill and I do not like to see them in that position.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Not at all; I can feel for you and I want to be entirely fair in that regard. But, sir, the longer they delay swallowing that pill, the more is the economy of Canada being undermined. The government has no other course open to it than to bend in the face of the opposition of this party and of the Canadian people as a whole. Can we get them to do it? Well, I look forward to the great retreat that must come when they rise and find inexplicable reasons for doing this. The hon. gentleman who rose on a question of privilege today said he could not find out the reason some things were done. They will never explain in this case, either, why they have done it.

Sir, when they do it, it will be because they realize that the opposition in this parliament represents the thinking, the general idea, of the Canadian people.

Mr. Pickersgill: I should like to raise a point of order at this stage Mr. Speaker. Perhaps I might be permitted to read the motion which the right hon. gentleman has just presented to the house. It is as follows:

That this house regrets that the government by its failure to clarify many doubts and uncertainties in some of its economic policies has created and continues to create confusion and chaos in various sectors of the economy, thereby contributing to a lamentable slowing down of expected expansion and growth.

Only last week, the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), had a motion before this house in amendment to the budget, one paragraph of which stated that in general the proposals of the Minister of Finance would "endanger and curtail the expansion of the economy". The house reached a verdict on that motion at the end of the budget debate. I think if one were to compare the two motions it would be found that the only real difference between them is that the hon. member for Digby-Annapolis-Kings was, understandably, more succinct than was the right hon. gentleman. The purport of these motions is exactly the same. The right hon. gentleman relied exclusively, or almost exclusively, upon the budget as his support for his motion.

Some hon. Members: No.

Mr. Pickersgill: No one raised any point of order in respect to it nor interrupted the right hon. gentleman either. It would appear to me that the Leader of the Opposition is merely seeking by the use of a colourable device to reopen the budget debate on a motion which to all intents and purposes is similar, if not identical, to that which formed the basis for a decision of the house the other day.

I could, of course, quote certain authorities. I could draw Your Honour's attention to citation 234 of Beauchesne's fourth edition and read a small part of it:

The ancient doctrine that the redress of grievances should be considered before the grant of supplies is maintained in the House of Commons—

Then it goes on to give details.

Mr. Diefenbaker: What number was that?

Mr. Pickersgill: Page 198.

—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, provided that the discussion shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

It appears to me that the motion proposed by the right hon. gentleman is out of order inasmuch as it relates to a resolution to be proposed to the committee of ways and means. I could also refer Your Honour to Bourinot at page 420 where the same principle is clearly set out. It does not seem there will be any particular profit in reading this

because the language is so nearly the same and I do not wish to take up the time of the house unnecessarily. I cite it merely to show that Beauchesne was following Bourinot in this regard.

It does seem to me that for these reasons, because the question has recently been the subject of a verdict in this house, and because the motion seeks to anticipate a debate of which notice has been given on certain of the budget resolutions, in particular the resolution relating to the sales tax, this is not an appropriate subject for an amendment of the motion to go into committee of supply.

Mr. Nowlan: Since the hon. gentleman has referred to the motion I made, perhaps I should speak for one minute on this point of order. The hon. member quoted a clause from an amendment I had the honour of moving a few days ago. If the motion before us dealt exclusively with the same matter, I think the hon. member would be fully in order. That is one of the reasons why we did not deal with the budget per se. We are dealing with matters which occurred since that amendment was brought in. We are dealing in today's amendment with the failure of the government to clear up inconsistencies and deal with doubts which have been raised since I moved the amendment. I moved an amendment on the budget. Heaven knows, that was bad enough—I mean the budget. But the uncertainties and doubts which have arisen since then are even worse. We saw a great example this afternoon when the Minister of Finance (Mr. Gordon) said that next Monday he would be able to make a statement clarifying something in the budget. We are not attempting here to deal with the budget itself, or with any of the problems arising out of it. We are drawing attention to the failure of the government to deal with questions which have arisen since the budget was brought down.

Mr. Grafftey: Since it has been suggested that the Leader of the Opposition has drawn his amendment from the budget alone, let me put another example before hon. members for their consideration. At the time of the budget we thought that legislation having to do with municipal loans would be passed in a relatively short time. The Minister of Finance assured us that this legislation would bring about an immediate improvement in the employment situation. Subsequently, we found that the provinces have put forward objections to this plan. We want to know what steps the government is taking to reconcile its views with those of the provinces. We have tried to get information on this subject. We have asked questions in this house, we have put questions on the order paper and we have asked for the production of papers. This is a major aspect of the government's economic policy designed to create immediate employment, and by means of this amendment and subsequent debate we want to find out what plans the government has to cope with this situation.

This is just one example to show that the Leader of the Opposition has not put down the amendment on the basis of the budget alone but on the whole purview of the government's economic policy.

Mr. Pickersgill: I wonder if I might say a word with respect to the contribution of the hon. and learned member for Brome-Missisquoi. It seems to me he has convicted the amendment on yet another ground which had not occurred to me. He says he and his friends want to talk about the municipal development and loan fund. That, of course, is an item on the order paper. It is formally indicated in the citation I read that these motions must not anticipate the debate on items on the order paper. If hon. gentlemen will get on to the debate of items on the order paper and seek information in that fashion, a lot more progress will probably be made. The plain fact is that this motion is seeking, so far as hon. gentlemen opposite have indicated, information either about the resolutions to be proposed in the committee of ways and means, the kind of resolutions which are specifically referred to in Bourinot, or information with respect to matters set down on the order paper as government proposals for legislation.

Mr. Speaker: Are there any other hon. members who wish to add anything?

Hon. Gordon Churchill (Winnipeg South Centre): Yes, Mr. Speaker, I just have a comment to make in answer to the Secretary of State (Mr. Pickersgill) who has attempted to reason that the amendment to the budget made on June 19 is the same as this amendment. The portion of the amendment to which he referred reads:

> That in general his proposals will endanger and curtail the expansion of the economy.

What we are dealing with here is—

> —the failure of the government to clarify many doubts and uncertainties in some of its economic policies.

This is a point of difference which Your Honour, I am sure, is taking into account. Whereas on the budget amendment we were talking about endangering and curtailing the expansion of the economy, we did not foresee at that time that so many doubts and uncertainties would be created by the action and then the corresponding inaction of the government. What we are condemning in this

amendment is the government's failure to clarify the doubts and uncertainties which have arisen. This, I submit, sir, is quite different from the simple statement that the economy would be endangered and expansion curtailed. This is a clarification which we are stressing in this amendment.

Mr. Speaker: I wish to thank all hon. members for their assistance in this matter. I have before me the wording of the motion which the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) moved at the time of the budget debate. In particular, paragraph two of that motion reads:

> That in general his proposals will endanger and curtail the expansion of the economy.

The Secretary of State (Mr. Pickersgill) raises a very fine distinction, and Bourinot's Parliamentary Procedure, fourth edition, at page 420, says in part:

> The ordinary rules of debate are applicable on this occasion; for instance, a matter already decided by the house, or of which notice has been given, or which stands upon the orders of the day, cannot be discussed.

The distinction is a very fine distinction indeed. The motion moved by the Leader of the Opposition (Mr. Diefenbaker) and seconded by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), while being very close to the budget motion, does contain a certain element that has to be considered, namely—

> —that the government, by its failure to clarify many doubts and uncertainties in some of its economic policies—

If we were not about to discuss the budget at some future time this motion would stand on its own feet. Therefore, in the present circumstances I feel that the benefit of the doubt should be given to the opposition in this case and that the motion is in order. The amendment as moved reads:

> That this house regrets that the government, by its failure to clarify many doubts and uncertainties in some of its economic policies, has created and continues to create confusion and chaos in various sectors of the economy, thereby contributing to a lamentable slowing down of expected expansion and growth.

May I say in closing that I hope we will be sticking to the "many doubts and uncertainties", rather than indulge at this time in a budget debate.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, yesterday was Dominion day.

Some hon. Members: Canada day.

Mr. Thompson: The excellent performance given on parliament hill last night in commemoration of the 96th anniversary of confederation has already been brought to the attention of this house. I think we pay too little attention to this question of being a Canadian, of what our nation actually stands for, and the tremendous heritage we have. I agree that the program of the armed forces last night ought to have been seen by every man and woman, every youngster in our country, and I join in commending the armed forces and the Royal Canadian Mounted Police for their performances.

My attention has been drawn to an editorial in the Brantford *Expositor* dated June 28 dealing with just where the term Dominion of Canada originated. During the conference of the confederation fathers, when they were finalizing the British North America Act, the question came up as to what this united Canada should be called. Sir Leonard Tilley, one of the confederation fathers, went home and spoke to his family about it. The next evening, when picking up his Bible, he turned to the 72nd Psalm and he read these words:

> He shall have dominion also from sea to sea.

Taking these words back to the confederation conference he mentioned this to those at the conference with him and it was decided then and there that this united Canada should be called the Dominion of Canada. There are those who feel that the word "dominion" may have colonial connotations, but I was impressed with this little story about how the word "dominion" came to be used. Certainly a nation under God, such as Canada is, could not have a more appropriate title than the Dominion of Canada, when it is referred to in the sense that Sir Leonard Tilley originally thought of when he proposed the adoption of this name.

What we need in Canada today more than anything else is a sense of unity, a sense of national purpose. In just four years we will be celebrating our centennial, and I think it is imperative for us in this house, even when we speak in terms of the supply motion, of the expenditure of money or of the carrying on of the administration of government, that we should be thinking a great deal about just what kind of Canada we will have in 1967, and also what kind of a centennial we will provide for this tremendous landmark in our history. Over the week end I was impressed by a letter I received from the secretary of the village council of Bowden, which is in my constituency. It asked me with whom the writer should get in contact in regard to planning our centennial in 1967. People across Canada are looking and groping for leadership in this regard. As I read the July 1 issue of *Weekend* magazine I read the article concerning a proposition that it might be a good thing to create an eleventh province with the name of Ottawa, which would be a gift from the two larger provinces

of our country for our centennial celebrations. I was much impressed by this article written by one of the esteemed members of our press gallery because I think he has a very sound idea, and it was expressed in a way I had not heard before. This article brought the fact clearly to us that we are a nation. What we all ought to be doing in our country, particularly as leaders in our respective spheres, is to concern ourselves about this problem of national unity and purpose. Certainly our financial policies ought to respect the basic premise that brought us into confederation in the first place.

In this regard, one of the most vital things is provincial autonomy in the field of taxation, in the field of carrying forward those things which were promised to the provinces when the provinces came together to form a nation. I am much disturbed over some of the aspects of the financial policy of the government in this regard. Apparently there is not too much thought or premeditation about how some of the policies which are being introduced will affect the autonomy of the provinces and the relationship of that to the unity that our country needs. Time does not suffice today to deal with this problem at any length.

I doubt that any single event that has taken place in the last months in our country has done so much to jar the Canadian people into thinking about what our future is, particularly as it relates to our financial problems, as the recent budget which has been introduced and the 11 per cent tax which is the basis of the amendment moved by the right hon. Leader of the Opposition (Mr. Diefenbaker). Even though the amendment does not say so in direct terms, the reference obviously is to this 11 per cent tax contained in the budget. The worst blow that industrial growth and expansion of our country have ever been dealt in recent years is this 11 per cent tax. This is just not my opinion; this is the opinion of practically every one of the members sitting in this house, whether they are on this side of the house or on that side.

I have here a file of letters and telegrams which have come in over the week end. Almost universally, there is this shock and amazement that a minority government, such as the present government, should have introduced a policy such as this one. This is not just a response from the Canadian people themselves, but from the construction associations and merchandising associations, as well as from local governments. This response comes from every aspect of Canadian life. Even the press, which only a few short weeks ago was completely behind the present government, has turned harshly in its criticism of the government. The budget was ill conceived and poorly planned. I do not believe the excuse that there was not time to delve into all the aspects of budget policy is a legitimate excuse. Surely being an expert such as the Minister of Finance, the elementary aspects of these problems which affect the economy could have been dealt with in sufficient detail within a reasonable length of time.

Coming back to this question of provincial rights. I may say that I am concerned, if this is the policy the government is going to follow, about whether or not we should forget about celebrating July 1 and our centenary which we will be celebrating in four years time. We may be celebrating something at that time but we will not be celebrating confederation. It is certainly the responsibility of the Minister of Finance, because of the over-all responsibility of government for planning carefully to take into consideration these matters and to seek the advice which he needs to have if he is not completely aware of all the aspects himself.

One obvious point that has come out of the budget and the tremendous expenditures involved in the estimates before us, is that the present government, at least in so far as its policies so far enunciated are concerned, have been no more able to cope with many of the financial problems of our country than was the former government. What we must understand in this regard is that if the old does not work, if the traditional pattern of the past does not meet our needs, then we ought to have enough common sense to turn to something that does offer an answer.

What is going to happen at the present time in so far as the expressed purposes of the budget are concerned? We are going to find a slow-down in the construction industry. In fact, as I opened my mail this morning I found a clipping from the Edmonton *Journal* which stated that the sales tax would cut off one thousand jobs in the city in the immediate future. A telegram was received by one of my colleagues a few minutes ago stating that there is a 20 per cent lay-off of construction workers in the city of Medicine Hat. Instead of reducing unemployment, instead of easing off the financial pressures on many of our people who do not have work, we are adding to their number. In addition to that, what is actually being done is to place a penalty against capital investment. This has created confusion throughout the entire economy of our country. Therefore, I urge the Minister of Finance and the government to give immediate consideration to the removal of the 11 per cent tax altogether, or at least to delay the implementation of it.

The other day we had a discussion in the house as to whether or not the Minister of

Finance was planning to define the various fields to which this tax would apply and to which no previous reference had been made. We were given an assurance that this was going to be done. The obvious ramifications of the 11 per cent tax reach out into many more different fields than was originally expected. The situation surrounding this tax can best be characterized as one of confusion and uncertainty which is slowing down instead of speeding up, which is throwing out of work instead of providing new jobs, which is controlling the over-all expansion rather than giving impetus to it. What will happen, I sincerely ask the Minister of Finance, if the government does not take this suggestion for removing the tax or delaying its implementation?

The unemployment picture is going to be aggravated and will become a bigger problem than ever before. Capital investment in projects all across the country as related to the expansion of our industry will slow down, because without the construction aspect of industrial expansion you cannot have industrial expansion. Therefore the over-all picture in the country will become more difficult on the economic side than it has been in the past, and the very antithesis of the objective that the Minister of Finance said was his objective when he presented the budget.

Suppose the minister were to listen to the cries of our people across the land and to the advice I am offering at this moment. I think he would find that there would be a way out of the immediate problem that faces us. If there could be a six months' delay in the implementation of the tax a tremendous impetus would be given to over-all industrial expansion throughout the country. You would find that home building would speed up. You would find that industry would instal new machinery and equipment in their plants in order to modernize and expand before the 11 per cent tax was implemented. I think you would find that there would probably be more incentive to go ahead and expand and accomplish what was stated to be the objective of the budget than would be achieved by anything else that could be done.

Therefore I urge once again in the strongest possible way that the government take into consideration the urgency of the matter and at least postpone the implementation of the tax. I think practically all members of the house would agree with such action. What I am saying is not just opposition from the opposition side. These are the facts of the case as they exist in the country today. The government might be placed in a most embarrassing situation by having to backtrack on their declared intentions, but nevertheless it would be better to do that in an honourable way than to face the inevitable results if such action is not taken. In fact, so convinced am I as to what the situation will be unless this is done that I am convinced the tax will defeat the intended purpose of providing revenue.

Mr. Deputy Speaker: Order. The hon. member will not mind my bringing to his attention that it is not permitted at this time to reopen the debate which took place in the house on the subject of the budget. I think the hon. member will agree with me that question has already been decided by vote of the House of Commons. I am just mentioning this point at this time so that the hon. member who has the floor will take this as notice and keep it in mind in the course of his remarks.

Mr. Olson: If I may speak to the point of order you have raised, Mr. Speaker; earlier today when the Speaker ruled the amendment in order he referred to a very fine line to be drawn between this matter and something that may have been determined in the house before. He also put great weight on the words "to clarify many doubts and uncertainties". I suggest to you with deference that the remarks of the hon. member for Red Deer have been confined strictly to the many doubts and uncertainties that exist throughout the whole of Canada as a result of the 11 per cent sales tax to which he has been referring consistently throughout his remarks. So, Mr. Speaker, I suggest that the hon. member has not deviated from what the ruling was when the amendment was accepted.

Mr. Pickersgill: If I may say a word, Mr. Speaker, I must say I am inclined to agree with the hon. member for Medicine Hat. His Honour the Speaker made a decision. Far be it from anyone on the government side to wish to broaden the scope of the debate on one of these motions which are directed against the government, but it does seem to me that we should be sure that the hon. member for Red Deer is given exactly the same latitude as was given to the Leader of the Opposition.

Mr. Deputy Speaker: My understanding of the ruling made by the Chair is that it referred to the second paragraph of the motion made by the hon. member for Digby-Annapolis-Kings, whereas it seems to me that the hon. member who has the floor now is offending against the third paragraph of the same motion having to do with the imposition of the sales tax. This is a very definite point which has already been decided by the house and about which the hon. member should exercise some circumspection.

Alleged Confusion in Economic Policies

Mr. Thompson: Mr. Speaker, I am not speaking directly to the 11 per cent sales tax. I am speaking of the effects that have been caused as a result of the tax and I am speaking directly to the thought and intent of the wording of the amendment, "to clarify many doubts and uncertainties", proposed by the Leader of the Opposition.

So far as the situation today is concerned, the most urgent matter in the minds of the Canadian people in every province of the nation and every community in every province is how the financial policies of the government are going to affect them. They expected something that at least would not add to their tax burden. They expected something that would give them new hope in order to go forward with the expansion that we all agree we should have in the country.

The doubts and uncertainties created as a result of the financial policies expressed in the budget have truly caused confusion throughout the country and this is of urgent and grave concern to every single one of us. In the motion of supply that is before us today we are actually concerned with the expenditure of millions and millions of dollars which first of all have to be taken out of the taxpayers' pockets before they can be spent. Deeper than any single aspect of the budget, deeper than the 11 per cent tax levied against building materials and equipment and machinery is the fact that the government is not facing up to the basic needs of our economy or to the responsibilities it assumed when it took office. Deeper than this is the simple premise that unless we can get to the root causes of our problem we are going to continue to add to the tax load of our nation, thus taking away the very liberties and freedoms which we regard as basic to our Canadian way of life, and thus defeating the very purpose for which government is intended.

What we should be considering and doing as we speak about this tremendous expenditure of money is discovering ways and means to lighten the tax load so that there will be a more equitable tax on the various segments of the economy without hurting individuals, while at the same time putting into the hands of individuals a greater earning capacity and more dollars with which to purchase the very things that the economy produces. Over and over we in the Social Credit group have emphasized in the house that our real problem is not one of production but rather one of consumption. We have said that in the over-all philosophy of taxation and paying for the cost of government administration the premise must be understood that unless the people have the money in their hands to buy the things which are made for them and which they want to use, they are not going to have the money to pay the taxes that the government needs to cover the cost of government administration.

That is why I am convinced that unless our government expenditures aim at solving the problems of distribution and consumption, and direct their assistance and guidance in the over-all planning of our economy along that line, we are going to continue to go on from one budget situation to another, typical of the one we have now. It matters not whether a government is called Conservative, Liberal or something else. Unless we can get down to those basic problems and make sure our financial system permits the distribution and consumption of those things we produce, we will never have an answer to the question of how to finance the operations of our government.

That is why we are most concerned in the situation which exists at present. It is not simply a question of collecting dollars out of the taxpayers' pockets to pay for the costs of administration. It also concerns the fairness and the equitableness of taxes as they do this. I find there is a great deal of discrimination developing, simply because there was not the foresight of proper budget planning and because there was not the consultation that there should have been in the preparation of these aspects of the budget. This brings us to the postion that we are in. Instead of talking about some of the major problems on the motion for supply now before us, we are talking about the confusion that exists in every sector of our economy in relation to the 11 per cent sales tax.

Therefore I again urge upon the Minister of Finance and the government that they take immediate action to delay the implementation of their tax policies and face up to the facts as they are, in order that we can have the confidence that our industry and people must have if they are to move forward. The government will admit I am sure, as they have already admitted, that these new taxes were ill conceived and therefore the urgency I am speaking about is of paramount importance.

I do not intend to belabour this point, but I do believe the most urgent matter before the house and the government is to deal with the problem that is posed in the amendment which is before the house, and on which we shall be voting later tonight.

We in the Social Credit party believe that we have a responsibility to those who voted for us and gave us their confidence in the last election. I believe each one of us, no matter what party he belongs to, agrees we

all have that same responsibility. It is our responsibility, as we see it, in the light of the tremendous expression that has been voiced. I wish to emphasize again that we cannot continue this policy, which has brought us to the point where we are now. Therefore I again ask the Minister of Finance to clarify the various problems facing the many aspects of industry today as a result of this sales tax, and I urge him once more to at least delay the implementation of the tax until a later date.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the motion to go into supply always provides an opportunity for the opposition, on the one hand, to bring forth any criticism it has of the general direction in which the government is going, and it provides the government, on the other hand, with an opportunity to explain to the house and the country how far it has gone in carrying out the program with which it began its term in office.

The right hon. Leader of the Opposition has directed his remarks mainly to the economic plight of Canada, and I think he did well to do this because this is undoubtedly the problem which gives the greatest concern to the people of the country. From 1957 to 1961 our gross national product increased something less than 2 per cent per year, when we put it into constant dollars and make adjustment for price changes. Last year we made a much more substantial increase in our gross national product, but it was mainly in the extraction industries and it did not reflect itself in a decrease in unemployment. In the first quarter of this year our gross national product increased about 1 per cent over the last quarter of 1962.

There is no need to weary the house with statistics. I think every member of the house who has studied this matter will agree that, whether we all have the same figures to a decimal point or not, the inescapable fact is that our economy for the past six years has not been increasing at a rate which will provide full employment not only for those who are now employable but also for the 200,000 or more young people who enter the labour market each year, and that the main task facing this parliament, and particularly facing the government, is how we can promote the type of economic growth that will soak up the pool of unemployment which has remained at an average of about 6.6 per cent per year, and at the same time provide jobs for the growing army of young people entering the labour market.

The government started off on April 22 with many cheers and a fanfare of trumpets as to what it was going to do about promoting economic growth and providing full employment. But now, shortly after the 60 days have expired, we have come to the point where it seems to have slowed down and run out of steam. Some of the measures it has brought in are already being greeted with less enthusiasm by hon. members opposite than when they were introduced. I make particular reference, for instance, to the municipal development and loan board, a piece of legislation which in principle has much to commend it; but the government seems to be losing its enthusiasm for it, and certainly some of the government's supporters outside the house have openly criticized it.

The reason why so much of its legislation has not been widely acclaimed is due to the fact that there has not been the kind of consultation which there ought to have been before the legislation was introduced. This is particularly true where the legislation involves the provinces. I can give just a minor matter as an illustration.

The government announced very sweeping changes in its winter works incentive program, something which vitally affects the provinces. As a matter of fact the provinces do much of the work, but I know of one province where the deputy minister was phoned at 4.30 in the afternoon and told, "We propose to make these changes. Will you discuss them with your minister, have him discuss them with the cabinet and call us back tomorrow morning?" When he called back next morning at 10.30 o'clock he was told, "Sorry, it has gone through cabinet." I am all for haste and doing business expeditiously, but if the government expects to get the cooperation of the provinces, not only on minor matters but on much larger matters, it will have to carry on a great deal more consultation than has been evident to date. This is true of consultation with industry, with labour, with agriculture and with other segments of the economy. Much of the trouble which the government is experiencing today could have been avoided had there been consultation with those who were affected by the various pieces of legislation that have been brought down.

It seems to me there has been a lack of planning, a lack of a sense of direction. The government has talked a great deal about regaining control of the economy but it does not seem to have any program or philosophy by which Canada is going to regain control of its economy. It talks glibly about trade, but we have had no statement yet from the government, after having been in session since May 16, as to what its trade program is. Here is Canada, a country that lives by trade; here is a nation that must export or perish, and yet not a word in any legislation or in

the budget as to what the government proposes to do about Canada's place as a great trading power.

I think the main reason the government's economic policy seems to have collapsed in midstream is that it has never yet got down to the base causes of the economic malaise that has been affecting the Canadian economy. They have been dealing with fringe problems; they have never got down to the basic problems.

I am not going to repeat what I have said on previous occasions, but the basic problems for the last five or six years have not been the lack of savings by industry or the lack of profit incentives, because profits have been good. The basic lack in the Canadian economy has been the lack of effective purchasing power in the hands of a great segment of the Canadian population. We contend that the answer lies in doing two things: First, introducing great quantities of purchasing power into the economy by government action, by large scale public works programs and large scale housing programs. Immediately this raises the whole question of deficit financing, and yet modern economists in countries where they have studied deficit financing tell us that in the main, for every percentage point that a country reduces its unemployment figures it increases its gross national product by 3 per cent. This means that if we could reduce Canada's unemployment figure to an annual average of 3 per cent—and this would still be higher than any country in western Europe—we could increase Canada's gross national product by over $4,000 million a year. This is the answer to those who become concerned about deficit financing.

I would have thought that in the first 60 days the first thing the government would have done would have been to announce large scale federal public works projects, large scale housing programs and financial assistance to enable the provinces to embark upon provincial public works programs. They have—let it be said, so I am perfectly fair—introduced legislation by which they will assist municipalities to embark upon socially useful public works; it may be not on as large a scale as might be desired, but they have made a commendable start. But there has been nothing federally, nothing provincially to launch the kind of large scale public works projects that are absolutely necessary in order to put men to work until such time as the economy itself is able to absorb these people in ordinary, everyday enterprises. This is why, in the opinion of this group, reimposing the 11 per cent sales tax on building materials and production machinery was such an erroneous step.

I am not going to discuss this tax; I simply use it by way of illustration. This tax has been imposed at the very time when this country ought to be booming, when we ought to be putting men to work in the logging camps, the saw mills, the cement factories, the brick factories, when the various forms of transportation ought to be hauling building materials, when construction workers should be busy, when we should be building homes, apartment blocks, office blocks, libraries, recreation centres, hospitals, schools; when we ought to be building federal and provincial parks, irrigation projects. When we should be doing these things is not the time—in fact, it is the very last time—to be applying an 11 per cent sales tax.

The other thing that must be done, in addition to large scale public works, is to use every economic device at the disposal of the government to redistribute purchasing power to those in our economy who would, if they had more money, buy more consumer goods. This is self-evident. This means increasing old age pensions and veterans pensions; it means lowering the age for the old age pensioners to 65; it means raising the family allowances and raising the age to 18 for children who go to school; it means leaving the people in the lower income groups with more money in their pockets by raising the exemptions or lowering the income tax on these groups. Again, this is the very time not to have introduced a sales tax, because a sales tax is a regressive tax. At the present time the government of Canada collects about 60 per cent of its taxes directly, and 40 per cent indirectly; but when the average taxpayer pays his provincial and municipal taxes, which have to be weighted in the form of direct taxes, he is paying about 50 per cent as direct taxes and 50 per cent as indirect. The thing that is wrong with indirect taxes is that they take no cognizance whatsoever of the individual's ability to pay. Therefore the pendulum is swinging more and more toward indirect taxes rather than direct taxes. If ever there was a time in our economy when we ought to be reducing sales taxes and, if we have to have revenue, get it from those who are better able to pay, this was the time; not just on humanitarian grounds but on the grounds of good economics, because every $100 that people in low income groups save by not having to pay them in taxes will be used to buy consumer goods and so help stimulate the economy. That is very simple Keynesian economics which is being practised in most of the modern countries of the world. One of the ways in which we could help to redistribute purchasing power would be by putting more money in the pockets of the farm population. One of the ways in which we could best redistribute purchasing power would be by guaranteeing

parity prices to the primary producers, the farmers, the fishermen and others in this country who produce these basic commodities. There is probably no group which has suffered more during this period of economic stagnation than the farming population, because the farming population have to buy in a protected market and sell on the world market. Since 1951 they have found that though the prices they pay for the things they have to buy have risen by 24 per cent, the prices of the goods they sell have gone down by 21 per cent.

I have here the quarterly bulletin of agriculture put out by the dominion bureau of statistics, national accounts, covering the period from January to March, 1962 and comparing it with other years. We find that in 1951 the average income per farm was $3,250. By 1958 that had dropped to $2,558. In 1959, it was $2,659, in 1960 it was up to $2,999 and in 1961 it had dropped again to $2,393. Income for 1962 will be a little higher because that was a very good crop year. But the trend is the same; the trend is that income from agriculture has tended to decline, and the farmer, because he does not control his market, is not able to keep the prices of his products in line with his cost of production. His cost of production has gone up while in many cases the prices he receives for his commodities have gone down.

During the election campaign the Liberal party made many promises about what they intended to do for the farmer. The most specific promise was made with respect to the wheat farmers. I have here a copy of the Saskatoon *Star-Phoenix* of March 7 reporting a speech of the present Prime Minister (Mr. Pearson), the leader of the Liberal party. The heading is: "Two Price Wheat System" and it says:

> A two price system for wheat to recognize the farm price-cost squeeze was promised by Liberal leader Pearson here Wednesday night in an address to the largest rally of his current election campaign held in the arena. Mr. Pearson said it would replace the "present haphazard system of acreage payments the government can give whenever it decides to" and would "eject stability in the farming industry so that farmers could plan ahead." Speaking from a prepared text, Mr. Pearson said his party if elected, would immediately establish a floor price of $2 per bushel for No. 1 Northern at Fort William to give "a measure of security to the wheat producer."
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> This price would apply over the life of the present international wheat agreement. A two price system would be legislated on the basis of the unit quota. "Farmers will be paid a price for wheat used in domestic human consumption which reflects the fact they buy their production requirements in tariff-protected markets and sell in world markets", he said. It would be accompanied by a consumer subsidy so that bread prices wouldn't rise.

No one can say this was just a passing reference. This was a major speech made by the leader of the Liberal party in one of the largest cities on the prairies and it constitutes a definite commitment to the wheat growers of western Canada that if a Liberal government were elected, two things would happen: first, there would be a two price system for wheat, so that wheat used for domestic purposes would be bought at a parity price, the money being paid to the farmers on the basis of certain delivery quotas and, second that there would be a guaranteed price of $2 a bushel so that if the price of wheat sold under the international wheat agreement were to drop below $2, the government would make up the difference.

That was the commitment. Whether it is done this way, or whether it is done by parity prices, the value of such a program is that it would put purchasing power into the pockets of the primary producers of this country. If the farmers and fishermen of Canada could have the benefit of parity prices, prices which give them a fair return for their production in relation to their costs, they would be in a position to buy consumer goods in tremendous quantities. I know of nothing which would give the economy a greater stimulus than to put parity prices into operation for the primary producers of this country. That is why we have always contended that parity prices are not only a matter of social justice but that they make economic good sense because they would enable the great primary producing groups in our country to buy larger and ever larger quantities of consumer goods. If the government would keep even its own promise of a $2 a bushel guarantee for wheat and a two price system, a burst of purchasing power would be liberated which would give our economy such a shot in the arm that many of our economic problems would disappear.

The Leader of the Opposition (Mr. Diefenbaker) has moved an amendment, and I do not disagree with the terms of the amendment that the government has failed to clarify many doubts and uncertainties in some of its economic policies and that it has created, and continues to create, confusion and chaos in various sectors of the economy, thereby contributing to a lamentable slowing down of expected expansion and growth. While this amendment calls attention to the lack of clarification and to the confusion which exists, it does not suggest any remedy. It is in this respect that I disagree with the amendment. I think we must do more than criticize the government for its lack of clarification, for its confusion and lack of direction. I think we must also place before the house some concrete measures which we think should be

taken to give this economy a new sense of direction, a new impetus, to help promote economic growth and put unemployed people to work; to provide adequate social welfare, and to give the primary producers of this country a standard of living which is in keeping with that enjoyed by other segments of the economy.

Therefore I am going to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), that the amendment be amended by striking out all the words after the word "government" and by substituting therefor the following words:

—has failed to introduce the kind of economic planning that would promote economic growth and full employment, and more particularly has failed to institute a large scale program of housing and public works, to create more effective consumer demand, and to introduce a system of parity prices for primary products.

Mr. Deputy Speaker: There is some question whether the subamendment is relevant to the amendment. Perhaps I could have some views on this point from the house.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I suppose it would be a reflection on the Chair were I to say that the subamendment appears to me to be a proper amendment, whereas the amendment introduced by the right hon. gentleman opposite, I suggest with respect, was not a proper amendment. It seems to me—

Mr. Monteith: Are you appealing the Speaker's ruling?

Mr. Pickersgill: I was just expressing a doubt and following, in doing so, a precedent I learned in six hard years sitting over there listening to hon. gentlemen reflecting on the Chair on a great many occasions. But I am not seeking to reflect on the Chair at all. We accepted readily the decision of the Chair, and it seems to me, sir, that the decision of the Chair having been what it is we should not strain it in the interpretation of this matter but should allow the matter to come squarely before the house and be voted upon.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this seems to be a great day for people who come from Winnipeg. I found myself enjoying the remarks which have just been made by the Secretary of State (Mr. Pickersgill) because I think he has hit the nail right on the head. I am sure it was noticed that I did not take part in the debate on the point of order raised in connection with the amendment moved by the Leader of the Opposition (Mr. Diefenbaker) because, while I felt that there was some doubt whether that amendment was in order, I did not want to appear to close the door to what might be felt to be the right of the opposition. I welcomed the fact that when the Speaker, who was in the chair at that time, felt there was some doubt he resolved the doubt in favour of the opposition.

That position having been taken, Mr. Speaker, I submit that we now have placed before the house a proposal to alter that amendment by putting in words which are more properly the kind of words which should be offered at this time. The wording of the subamendment does not refer to the budget but to the general policies of the government or its lack of policy in certain fields. We think that if there is doubt and a lack of clarification, this is a relevant amendment in that it clears up such doubt and lack of clarification by suggesting some positive measures. We would suggest, as the Secretary of State has just proposed, that this is more properly the subject matter of an amendment on going into supply than is the main amendment. Therefore the same resolving of the doubt in favour of the mover which was exercised earlier should now be exercised, and this subamendment allowed so that, as the Secretary of State says, it might come to a vote.

Mr. Deputy Speaker: If it is the unanimous desire and wish of the house that this subamendment should be accepted, then it will be accepted; but it is the view of the Chair that the terms of this subamendment seem to enlarge the terms of the amendment itself by bringing in an entirely new subject. We have in the amendment a specific grievance, and to my mind an entirely different grievance is contained in the subamendment. I do not think we should refer to the decision already rendered by the Chair, and I do not think any reflection should be cast on that decision. This having been said, I feel there is a distinction here between the subamendment and the amendment, and my view is that the subamendment is out of order.

Mr. Douglas: May I point out, with great respect, that the amendment—

Mr. Deputy Speaker: Order. I have given a decision in regard to this matter. I should like, if I may, to reiterate what I said at the outset of my remarks, that if it is the unanimous consent of the house to accept the subamendment it will certainly be accepted. But if we do not have unanimous consent, the Chair has made a ruling and I think there should be no debate on that ruling.

Mr. Douglas: Then I have no alternative but to appeal your ruling, if you have given a firm ruling.

Mr. Olson: On behalf of this group, Mr. Speaker, we would give unanimous consent.

Mr. Nowlan: It is not a question of unanimous consent.

Mr. Deputy Speaker: Is there unanimous consent to the acceptance—

Mr. Nowlan: No.

Mr. Douglas: Then I appeal your ruling.

Mr. Deputy Speaker: Those in favour of sustaining the Speaker's ruling will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those against will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

Mr. Deputy Speaker put the question as follows:

The question is an appeal to the house from a ruling of the Chair, which is as follows:

"To a motion to go into committee of supply the right hon. Leader of the Opposition moved in amendment as follows:"

Some hon. Members: Dispense.

Mr. Deputy Speaker:

The hon. member for Burnaby-Coquitlam moved in amendment to the amendment the following: "that the amendment be amended by striking out all the words after the word 'government' and by substituting therefor the following words:

'has failed to introduce the kind of economic planning that would promote economic growth and full employment, and more particularly has failed to institute a large scale program of housing and public works, to create more effective consumer demand, and to introduce a system of parity prices for primary products.' "

The Chair ruled the subamendment out of order on the ground that it was irrelevant to the main amendment as it introduced new questions not covered in or related to the amendment. Whereupon the hon. member for Burnaby-Coquitlam appealed to the house from the decision of the Chair.

The house divided on the question: Shall the Deputy Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

Division

YEAS

Messrs:

Alkenbrack
Asselin (Notre Dame de Grace)
Asselin (Richmond-Wolfe)
Badanai
Balcer
Baldwin
Basford
Batten
Bechard
Belanger
Bell
Benidickson
Benson
Berger
Cadieux (Terrebonne)
Cantelon
Cantin
Caouette
Cardiff
Cardin
Caron
Carter
Cashin
Casselman, Mrs.
Chatterton
Chevrier
Churchill
Coates
Cooper
Côté (Chicoutimi)
Côté (Longueuil)
Danforth
Deachman
Denis
Deschatelets
Dionne
Doucett
Drouin
Drury
Dupuis
Emard
Ethier
Fane
Favreau
Fleming (Okanagan-Revelstoke)
Forbes
Forest
Foy
Francis
Frenette
Garland
Gauthier
Gelber
Gendron
Girouard
Godin
Gordon
Grafftey
Granger
Gray
Gregoire
Groos
Guay
Gundlock
Habel
Haidasz
Harkness
Harley
Hays
Hellyer
Howe (Wellington-Huron)
Irvine
Jewett, Miss
Jorgenson
Klein
Konantz, Mrs.
Korchinski
Laing
LaMarsh, Miss
Lamb
Lambert
Lamontagne
Laprise
Laverdiere
Leboe
Leduc
Lessard (Lake St. John)
Lessard (St. Henry)
Loiselle
Loney
Macaluso
Macdonald
MacInnis
MacLean (Queens)
MacNaught
McBain
McCutcheon
McIlraith
McIntosh
McMillan
McNulty
McWilliam
Madill
Martineau
Matheson
Matte
Millar
Mitcheli
Monteith
Moore
Moreau
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Mullally
Munro
Nasserden
Nesbitt
Nixon
Noble
Nowlan
Nugent
O'Keefe
Olson
Ouellet
Pascoe
Pennell
Pepin
Pickersgill
Pigeon
Pilon
Pugh
Rapp
Ricard
Rideout
Rinfret
Robichaud
Rock
Ryan
Sauve
Sharp
Skoreyko
Smallwood
Smith
Starr
Stefanson
Stenson
Tardif
Temple
Thomas
Thompson
Tremblay
Tucker
Vincent
Watson (Chateauguay-Huntingdon-Laprairie)
Webb
Weichel
Whelan
Winkler—158.

NAYS

Messrs:

Barnett
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Douglas
Herridge
Howe (Hamilton South)
Knowles
Martin (Timmins)
Mather
Orlikow
Peters
Prittie
Webster
Winch—14.

Alleged Confusion in Economic Policies

Mr. Deputy Speaker: I declare the decision confirmed.

Mr. Teillet: Mr. Speaker, I was paired with the hon. member for Portage-Neepawa (Mr. Enns). Had I voted I would have voted to sustain your ruling.

Mr. Stewart: Mr. Speaker, I was paired. Had I voted I would have voted to sustain your ruling.

Mr. Brown: Mr. Speaker, I was paired with the hon. member for Simcoe East (Mr. Rynard). Had I voted I would have voted to sustain your ruling.

Mr. Turner: Mr. Speaker, I was paired with the hon. member for Yukon (Mr. Nielsen). Had I voted I would have voted to sustain your ruling. While on my feet, on the last vote relating to a question of privilege raised by my hon. friend, the hon. member for Joliette-L'Assomption-Montcalm—

Mr. Deputy Speaker: Order. I would suggest it is not the proper time to raise this point of order.

Mr. Armstrong: Mr. Speaker, I was paired with the hon. member for Assiniboia (Mr. Watson). Had I voted I would have voted to sustain your ruling.

Mr. Mandziuk: Mr. Speaker, I was paired with the hon. member for Wentworth (Mr. Morison). Had I voted I would have voted to sustain your ruling.

(Translation):

Mr. Paul: Mr. Speaker, I was paired with the hon. member for St. Maurice-Lafleche (Mr. Chretien). Had I voted, I would have voted to maintain your decision.

(Text):

Mr. Mackasey: Mr. Speaker, I was paired with the hon. member for Bow River (Mr. Woolliams). Had I voted I would have voted to sustain your ruling.

Mr. Gordon: Mr. Speaker, may I call it six o'clock?

Mr. Deputy Speaker: Order. It being six o'clock I do now leave the chair.

AFTER RECESS

The house resumed at 8 p.m.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I am delighted to have this opportunity to speak, if not about the budget at least about certain emanations from it. A lot has happened in the last three weeks and the public, and even, perhaps, some hon. members of this house may have become confused to some extent by the side issues, the alarms and the excursions. The amendment before the house is worded in the most general terms. In my remarks I shall try to point out not only the broad problems that confront the country but I shall also say something about the issue that was clearly in the mind of the right hon. gentleman opposite who moved the amendment, namely the withdrawal of the sales tax exemption from certain industries. It seems to me that in view of the wording of the amendment and in view of the wide ranging remarks of the Leader of the Opposition (Mr. Diefenbaker) I should be entitled to this latitude.

Let me begin by reminding hon. members that the tax in question is one which a great many other industries have been paying for many years. The withdrawal of the exemption will place most industries—and I should explain that I mean most industries excepting food—on the same basis. The sales tax imposed by the Excise Tax Act is usually referred to as a general manufacturers sales tax. It is imposed on the manufacturer or producer and the amount of the tax is a percentage of the manufacturer's or producer's selling price. It also applies to imports: in this case it is paid by the importer or the person who takes the goods out of bond for consumption, and the tax is a percentage of the duty paid value of the imported article.

The tax is called a single stage tax, as opposed to a turnover type of tax. This means it is applied only once as goods pass from manufacturer to final user. This is done by a system of licensing. The reason I am explaining this, Mr. Speaker, is that there seems to be some misunderstanding on how this tax works. Those who are licensed must pay the tax on sales to unlicensed purchasers. Those who are licensed buy the materials to be wrought into goods they manufacture free of sales tax under their licence. For example, the manufacturer of shoes buys leather free of sales tax; he must pay sales tax on the selling price of the finished shoes when he sells them to an unlicensed wholesaler or retailer. Although the sales tax is imposed on the manufacturer or importer, it is usual for him to include the tax in his selling price; thus the user of taxable goods bears the tax in the form of the higher price he must pay for the goods.

The sales tax is a general tax; that is, it applies to all goods sold or imported for consumption in Canada except those made exempt by the Excise Tax Act. The exemptions may be in the form of listing articles to be exempt—for example, the act lists most foodstuffs—or the exemption may be in the form of providing that all goods purchased by certain purchasers shall be exempt. For example, purchases by hospitals or provincial

governments are exempt. The sales tax is imposed at the rate of 8 per cent under the Excise Tax Act and 3 per cent under the Old Age Security Act; that is, three elevenths of the revenue from the sales tax goes to help pay for old age pensions.

I should like to remind hon. members once again of some of the problems that confront this country. We are committed—and when I say this, I naturally mean the government is committed—to a fixed exchange rate for the Canadian dollar. In my opinion it would be the height of irresponsibility to contemplate a second major devaluation of the currency. This government has stated that it will support the fixed rate for the dollar. In so doing we know that this limits our room for manoeuvre very greatly. The second question or issue that I would like to remind hon. members of is that the levels of interest rates in Canada are considerably lower than they were some months ago, and this should help all segments of the economy. It would be pleasant if interest rates could be reduced still further, but given a fixed exchange rate for the dollar and given the rates of interest that prevail across the line, there are clear limits to what can be done in this connection.

Surely we are all aware of the chronic deficits in our current account payments with other countries; we know that this is at the root of many of our problems. When I say that, I naturally include unemployment, which is the greatest problem of them all. We know that firm action will be needed on many fronts if we are to resolve this particular problem. During the election campaign we on this side undertook to begin to put our house in order, to begin to work toward a balanced budget. Accomplishing this objective means cutting expenditures wherever this is feasible, and the government is initiating, as I said some time ago, a close review of all existing programs to see what can be done on this account. At the same time, additional revenues must be secured if the objective of moving toward a budgetary balance is to be achieved. To listen to the debates in this house one would think that Canadians had no real idea of the trouble we are in, of the absolute necessity of doing something about our present situation.

Some hon. Members: Hear, hear.

Mr. Nowlan: Hear, hear; that is what we say.

Mr. Gordon: Doing something about it means not only long term plans but reorganizing and reinvigorating some of our most important industry. It means, also, some short time in which to put our national financial affairs in some kind of order, not overnight, but over a period of years. If the people of this country are not willing to back a government which has a program, and are not willing to pay more taxes in the interim, we shall have to go on drifting and inevitably, sooner or later, we shall end up on the rocks. I do not like the proposed sales tax any more than anybody else does, but some substantial increase in government revenues is absolutely necessary. So I say to the critics of this tax; just what are the alternatives? Members of the New Democratic party say we should do nothing. The hon. member for Burnaby-Coquitlam (Mr. Douglas) would like to see our budgetary deficits increased. He argues that if consumer expenditures are increased this will in turn increase the general level of economic activity throughout the country. I say to him that the trouble with this theory as applied to Canada—and I say this with respect, because I am not unaware of the theory; I understand it, I think—is that about one quarter of such increased expenditure, or so it is estimated, would find its way into additional imports of one kind or another and this would aggravate our payments problem and only add to our difficulties in the long run.

It is not good enough to suggest a simple formula without understanding all its implications in the circumstances in which Canada finds herself at the moment. I say to the hon. member for Burnaby-Coquitlam, and to other hon. members, that we shall not gain anything by burying our heads in the sand and hoping our problems will get up and go away. That is not going to happen.

Now let me say a word about the need for additional revenues and about the decision to impose this particular tax instead of the alternatives which we considered. If no additional tax were imposed this year, the budget deficit would exceed $700 million, as I said in the course of the budget speech. Next year, the deficit would be much larger still after taking into account, first, the substantial tax incentives which were proposed in the budget and which, I suggest, will have more to do with the reinvigoration of the depressed or surplus manpower areas in this country than anything else which has ever been presented in this house; second, the cost of the government's new programs when they are brought into being, as I hope and expect they will be, eventually; third, the cost involved in clearing up some of the things which have to be cleared up, such as the deficit in the unemployment fund and, fourth, the cost of taking into account increased expenditures of various kinds including pay increases which are overdue. It would not take a very sharp pencil to calculate that the budget deficit

next year might easily exceed $1 billion if no steps were taken in the meantime to deal with the situation.

Four or five alternatives were considered, with a view to raising between $300 millions and $400 millions of additional revenue in a full year's operation. The first of these was an increase across the board in the present sales tax. However, I would remind hon. members that a 4 per cent increase in the present sales tax, which should produce about $400 million of additional revenue in a full year, given the levels of production and prices prevailing at the present time, would mean applying increases to such things as clothing, books and shoes, house furnishings, furniture, household appliances and so on. If the existing sales tax were increased it would add directly to the cost of living of those who are least able to afford it, and it was for this reason that this course was discarded by the government.

The second course which was open to us—and it was certainly considered carefully—was a general increase in the rates of personal income tax. Nothing substantial can be achieved by increasing only the rates of those in the higher income bracket. There just is not enough to begin in that area. If this course were to produce the kind of additional revenues which we need it would have been necessary to increase the income in all brackets by somewhere between 20 and 25 per cent. This would have meant an increase in the annual tax in the case of a single person with a monthly income of $250 of between $47 and $59. It would have meant an increase in the tax of a married man with no dependants and a monthly income of $350 a month of between $53 and $67. I should perhaps add, if any hon. members are interested, that the 25 per cent increase in all rates would have brought the top rate above the 100 per cent mark. A 20 per cent increase in the rates of personal income tax would have produced about $310 million additional revenue to the federal government in the year 1964-65. A 25 per cent increase across the board would have produced about $385 million for the federal authorities in the year 1964-65. In my opinion, Mr. Speaker, personal income tax rates are already much too high. The thought of increasing them, especially in the lower income brackets, is abhorrent and for this reason this course was also discarded.

Just in passing, people have asked me why we did not increase the tax on luxuries—cigarettes, alcohol, and that sort of thing. The answer is very simple. If you put the tax past a certain point the net revenues decline; they do not go up. This has been tried before.

[Mr. Gordon.]

The third serious course was to consider the rates of corporation income taxes and to see if these could be increased; but an increase of 5 per cent on taxable income would have produced only about $200 million in a full year. Furthermore, this would have placed the rates in Canada substantially above those which prevail across the line, and because, as we all know, of the interrelationship of so many Canadian and American companies, the net result would have been to slow down business activity in Canada very quickly. The rates are already 52 per cent and it would have meant putting them away above that. Instead the government has proposed that corporate income tax payments be put on the same basis as individual income tax payments, and in this way there will be additional revenues collected next year amounting to some $200 million.

Finally, the fourth serious alternative open to the government, having turned down the various courses to which I have referred, was to impose what I consider a very tough tax that falls on those undertaking capital projects and on industry in general. We could have taken a course which would have resulted in a substantial increase in taxes for the small man and thus have avoided the heavy pressures—and I should like to say that they are quite legitimate and proper pressures, but nevertheless they are heavy—from the businessmen who will be hurt by the tax that has been imposed. Naturally all members of this government regret that anyone will be hurt by this tax, as in some cases hurt they may be. But I am convinced that we should all be worse off—

Mr. Peters: Mr. Speaker, on a point of order, is this debate not developing along the lines of a continuation of a previous debate, and is this not out of order? It is my understanding that the amendment to the supply motion may have been close to being in that category, but in my opinion this debate is out of order, being the continuation of a previous debate.

Mr. Deputy Speaker: The reason the Chair ruled as it did this afternoon was because the subamendment was a subamendment. If it had been an amendment it would have been in order. That is why I feel that the Minister of Finance (Mr. Gordon) is not out of order at this time, as he is speaking on the amendment itself.

Mr. Peters: I suggest for your consideration, Mr. Speaker, that the discussion which is now taking place is not necessarily on the amendment or the implications of the amendment but is in justification of certain

alternatives put forward in a debate which has previously taken place, and is in fact a consideration of alternatives to the budget itself and the proposals developed in the budget. I suggest, Mr. Speaker, that if the amendment had said that, it must also be out of order as was the subamendment, but there is little excuse for a continuation of a debate on these proposals at this time. The rules of the house indicate that there should be no repetition of a debate which has previously been completed.

Mr. Deputy Speaker: My understanding is that the minister is justified in explaining the position of the government, and I think he is quite in order in doing so. In any event, this question was considered this afternoon by the house. It was voted upon and we have to abide, I suggest, by the ruling of the house.

Mr. Knowles: Mr. Speaker, on the point of order I think the record should be kept straight. When Mr. Speaker allowed—although he had some doubt about it—the amendment moved by the Leader of the Opposition (Mr. Diefenbaker), he said that he expected the house to stick to the "doubts and uncertainties" which the amendment asked to be cleared up. He specifically suggested that the house should not use this debate as a vehicle for debate on sales tax and other aspects of the budget. I think we have moved a long way from the permission which was granted after the acceptance of that amendment, and I suggest that this shows how difficult a situation we can get into when we resolve doubts in this way.

Mr. Chevrier: Mr. Speaker, I think the hon. member for Winnipeg North Centre (Mr. Knowles) forgets the latitude that was given when this presentation was made by the Leader of the Opposition (Mr. Diefenbaker) earlier, and in the preamble, to the amendment which was moved and which I have in my hand. It is true that the right hon. gentleman made it clear at the outset that he had no intention of discussing the budget, but he proceeded to do exactly that.

Mr. Diefenbaker: No.

Mr. Chevrier: During a great part of the time he dealt with the very matter that the Minister of Finance (Mr. Gordon) is replying to, namely the sales tax. This amendment is couched in such terms and in such general language as to allow the Minister of Finance to give an explanation of the various alternatives which were before him when he made the decision he did prior to the budget speech. I say, sir, with respect, that you are quite in order in ruling as you have.

Mr. Deputy Speaker: I do not think this discussion should be proceeded with too long. If hon. members would look at the amendment, which reads:

> That this house regrets that the government by its failure to clarify many doubts and uncertainties in some of its economic policies—

—and so on. It appears to be quite obvious that the Minister of Finance is attempting to deal with exactly this matter at this time. He is discussing the very points which have been raised in the amendment proposed by the Leader of the Opposition, and to my mind it is quite clear and obvious that he is in order.

Mr. Olson: Mr. Speaker, I think we should certainly allow the Minister of Finance the same latitude that has been allowed previous speakers in this debate this afternoon. However, it seems to me that in keeping with the wording of the amendment it would be more beneficial to the house if he would deal with matters clarifying doubts and uncertainties rather than sticking strictly to what the alternatives might have been. We are certainly prepared to allow the minister a great deal of latitude in dealing with the doubts and uncertainties that are facing Canada as a result of the policies of this government; but it seems to me that he should confine himself to clearing up those uncertainties rather than dealing with alternatives which, in effect, really do not clear up the uncertainties.

Mr. Gordon: It seems to me, Mr. Speaker, I am coming to the point that the hon. gentleman has just raised. I could not do this properly without a little introduction and, with the greatest respect, I did have a feeling that the Right Hon. Leader of the Opposition (Mr. Diefenbaker) ranged rather widely and broadly in his remarks in introducing the amendment that is before us.

I had just finished saying that, naturally, all members of this government regret that anyone should be hurt or inconvenienced by any tax that has been imposed. However, naturally, everyone knows that nobody likes taxes; they are always harmful, they are always hurtful. What I want to say is that I am convinced that we shall all be worse off in the long run if we fail to face up to the problems that confront our country. We simply must begin to do something about them. In my opinion, the answer is not simply to let things rip. There are limits to the amounts of deficits, and I am thinking even more of cash deficits than budgetary deficits, which the economy can stand without getting us into greater trouble.

It has been suggested that the sales tax on building supplies will increase the cost of

smaller dwellings very substantially. Now, I ask hon. members, what are the facts? I shall not repeat all that the hon. member for Kingston (Mr. Benson) said the other day on this subject, but I should like to quote one paragraph of his speech which appears in the right hand column on page 1571 of *Hansard* for June 25.

Mr. Knowles: Is this in order, Mr. Speaker? The Minister of Finance has just announced that he intends to read a paragraph from a speech made in another debate in this session. I submit that is clearly out of order.

Mr. Gordon: Well, Mr. Speaker, I will not read the paragraph, I will merely refer to it.

Some hon. Members: Oh, oh.

Mr. Knowles: This may be funny to some, Mr. Speaker, but I suggest it is very serious.

Mr. Deputy Speaker: Order.

An hon. Member: He has got to read something.

Mr. Gordon: I do not want to say anything to which hon. members would object, but I would remind the hon. member who has raised this point of order that his party, so far as I could gather, had no views on the budget one way or the other.

Mr. Peters: Since this point of order has been raised, I presume there was a reference to me. I can say that both the Canadian public and I have violent objections to part of the budget.

Mr. Grafftey: How did you vote?

Mr. Deputy Speaker: Of course, that was not a point of order. I would ask the Minister of Finance to resume his speech.

Mr. Gordon: The hon. member for Kingston, in trying to get some facts on the record the other night, referred to the amount by which the price of a house would go up. I am not going to read the paragraph, but he suggested that a $13,000 house would go up to $13,500. He pointed out that before the budget the down payment on that house would have been $900. After the budget it would be $800.

Mr. Pugh: What is the increased interest.

Mr. Gordon: The interest rate, if the hon. gentleman remembers, has gone down, not up.

As he pointed out, the monthly payment, prior to the budget, would have been $82.67, and it will now be $84.82. He pointed out that the minimum cash outlay will be $100 less than it was before and that the monthly payment over 25 years will be increased by $2.15. He suggested that this did not appeal to him as evidence that there will be a violent, drastic or substantial increase in the cost of medium priced dwellings.

In his speech this afternoon, the hon. member for Red Deer (Mr. Thompson) referred to the need for clarification. I believe when he said this he was thinking in particular of the sales tax. Let me say that I agree with him completely. In this budget, the government put forward a number of proposals that are different from what has been done before. The proposals, or some of them, were complex and difficult. After most budgets there is a need for clarification of new taxes and new measures, and this budget is no exception. The government has received many representations about the budget proposals from those who will be affected. In my opinion, this is just as it should be. These representations have come from a wide variety of people, including contractors, builders, the graphic arts industry and many others.

My difficulty, Mr. Speaker, and this has been a difficulty, is that I have been tied down too much by side issues and the alarms and excursions to which I referred a few minutes ago. If it had not been for that, I fully believe the necessary clarifications would have been made long since. All I can say now on this subject, and I should like to say a lot more about it, is to repeat what I said this afternoon in answer to a question by the hon. member for Waterloo North (Mr. Weichel). I said to him that the representations made to the government about the budget resolutions have been under constant study and consideration. I said that we expected to make a definite announcement on the subject as soon as possible, and in any event not later than next Monday. In the meantime, and I say this again now in this debate, for reasons that will be obvious to all hon. members of the house, it would be a mistake, it would be wrong for me to add anything more.

I can assure the hon. member for Red Deer that I am just as anxious as he is to get this question settled. In conclusion, Mr. Speaker I should like to remind hon. members once again of the problems that confront us in Canada at this time. I should like to remind them of the broad objectives outlined in the budget which, in my opinion, were the right objectives for dealing with these problems. These objectives have been obscured or certainly have not been enlightened by some of the debate in the last three weeks, and I say that with considerable emphasis. I agree that clarification of some of the measures will be necessary and, as I have said before, this is by no means unusual in the kind of complex budget proposals that were presented.

The government and, if I may say so, the Minister of Finance, have been subjected to very considerable pressures. I think this was to be expected by any government prepared to make hard choices no matter how unpopular some of them might be. I believe that when the clarifications referred to have been made Canadians will accept the proposals. I think they will find that they are in the best interests of the country as a whole.

An hon. Member: You are kidding.

Mr. Gordon: I am not only not kidding but I mean what I am saying. We have had one vote on the budget which was approved in principle by a large majority of the members of the house. Now we are to vote again on essentially the same subject.

Mr. Diefenbaker: Not at all.

Mr. Gordon: If the government is sustained again, as I hope and expect it will be, then I say to all hon. members of all parties: Let us try to get on with the business of the country.

Mr. Gregoire: May I ask the Minister of Finance a question? As the minister seems to be facing the alternative of increased deficits or increased debts which are precipitating the country into a vicious circle of higher debts or higher deficits, is the minister looking for a solution to that vicious circle or is he taking any steps to get out of that vicious circle?

Mr. Gordon: Mr. Speaker, I think I would prefer to leave it to the hon. member for Lapointe to make his speech on Social Credit theory.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, the Leader of the Opposition (Mr. Diefenbaker) said this afternoon that he did not intend to speak very long and I do not intend to either. With the temperature and conditions under which we have been operating in Ottawa in the last few days I think anyone who speaks at all deserves a medal of some kind and one should even be awarded to the Minister of Finance (Mr. Gordon) for having spoken for half an hour as he did tonight.

We have listened to a speech this evening by the minister which was really a résumé of the budget. You have said it was in order, Mr. Speaker, and to that we have taken no objection whatsoever. We have had a philosophical dissertation on the value of the sales tax and on the problems that confront a minister of finance in trying to achieve some approach to a balanced budget. There is nothing new in that. Everyone realizes the problem. Everyone knows that there are difficulties in attempting to balance the budget, if one determines to work toward that end. There are some here who feel this should not be done, but we are not of that thought. We agree that there should be an approach made to a balanced budget. We do not think, however, that the minister and the government—because after all this is a governmental decision and not one of the minister; at least, I hope it was a governmental decision —took the right steps in approaching that end. However, this is not the time to discuss that. We will be dealing with the budgetary resolutions in the immediate future, I hope, and when those resolutions are before the committee we will be dealing with the matters to which the minister referred tonight. His references to the incidence of the sales tax, the cost of buildings and so on will be dealt with at the proper time.

I do not propose to follow the arguments in that direction which he has advanced this evening. I have telegrams in front of me that I could read which raise very serious doubts as to the figures he brought forward a few moments ago with respect to increased costs. I presume every member of the house has had the same material sent to him by responsible and experienced men, contractors, builders and those in business life generally but, as I have said, this is not the time to raise those questions.

I can appreciate the problem of the Minister of Finance. Anyone who deals with a budget involving increased taxation cannot expect to achieve a popularity prize. I think it was Edmund Burke who once said that to tax and to be liked is no more practical than to love and to be wise. I am not sure about the latter statement. Perhaps Mr. Burke was a cynic. But in so far as the first part of the statement is concerned I quite agree. When the budget is brought down one always anticipates some opposition, some questions being raised, some representations being made with respect to certain phases of the budget when it results in increased taxation. But, Mr. Speaker, did you ever know a time in the time you have been here or in the time of the most senior member of the house when there have been so many representations made about so many facets of the budget as there have been on this occasion?

An hon. Member: Never.

Mr. Nowlan: I am not conversant, of course, with the activities of the minister or the government. He has spoken about the pressures under which he has been operating. I can quite believe it. I have reason to believe from reading the press, receiving copies of briefs and from knowing casually what goes on around

these buildings that delegation after delegation after delegation ad infinitum have approached the minister, making the most strenuous representations and urging that changes be made in the taxation which he intimated in his budget speech would be imposed. As far as I know every delegation has been sent away after having been told that consideration would be given to their problem and that they should wait in patience and an answer would be brought down.

It was that problem to which the Leader of the Opposition referred this afternoon, not the contents of the budget itself. Right or wrong they will be discussed when the right time comes, but what we are concerned with is the continual pressure and continual indecision. We started with a 30 per cent tax which was brought in on budget night and then put in cold storage a few nights later. We did not know whether it was going to be exhumed, and then it was finally put to one side with the intimation that if the government cannot do it this way they will find some other way to do it, which certainly does not indicate decision.

We have heard a great deal about decision during the last few years. We have heard speeches about governments being indecisive. I should like to know when anybody in this house or in the country has ever read or known or heard of more indecision than has characterized this government with respect to the budget since it was brought down on June 13. The minister has spoken tonight about his intentions. His intentions undoubtedly are good. He is an honourable man. There is an old saying, Mr. Speaker, about a certain road which is paved with good intentions and I think the Minister of Finance must have been travelling that road. The only difference is that now because of the sales tax on building material he will have to pay a lot more for the material he will have to use to pave that road than he would have before.

The minister referred to the tax on building materials, but that is only one facet, even though it is a most important one from the standpoint of the whole nation. Almost every individual is faced with an increased tax, in building and in repairing. In fact, Mr. Speaker, I have had letters and representations with respect to repairs, and there is no $500 contribution for that work. If a man repairs or paints his house this tax will add to his cost. My colleague, the former minister of labour, had a slogan, "Do it now", which was to encourage people to undertake works in winter time. Now the slogan of the government is, "Don't do it at all" because it is going to cost so much more money.

[Mr. Nowlan.]

This tax on building materials is a very important matter which we will deal with at length when the resolution is before us, but it is only one of a score of matters to which reference has been made.

I think some hon. members have seen copies of a number of briefs which have come to us within the last few days. I myself saw one today from the Canadian graphic arts association, the organization representing members of the graphic arts industry, which is of course a very wide and large one in this country. Now the minister says there are difficult questions, and when you bring in something new you are bound to get some doubts and some indecision. I suggest when something new is brought in that is going to create doubts and indecision then more careful study should be given to it before it is brought in, and certainly more than has been the case in this budget. Had the Minister of Finance spent less time, on the occasion of bringing in his budget, on political vituperation and more on explanations perhaps the nation would not have the problems which it faces now.

Looking over the brief which was submitted by the graphic arts organization we find some of the most interesting statements set forth concerning things that you would no believe possible in a government in a country which was newly organized. Mr. Speaker, I do not want to reflect on any government, but if some of these things were found, for instance, in the Congolese parliament under the premiership of Mr. Lumumba, who died an untimely death some years ago, you would not believe it possible.

For example we find that the president of this association met with officers of the Department of National Revenue. Mr. Speaker, I know something of those officers. I have worked with them for four or five years, and I think all hon. members will agree we have a very experienced and very able group of officers in that department. Indeed I was often amazed, during the days when I was closely associated with them, to pose the most difficult and intricate questions to them, involving the administration of the finance act and to get almost immediate answers to my questions. But the president of the graphic arts association says that, 13 days after the budget was brought down, he put 32 questions to the officers of the Department of National Revenue, specific questions asking for specific answers to specific problems with which the industry was confronted, and to one third of those questions the senior officers said they could give no answer whatsoever. Then the government has the nerve to talk about decision in a situation such as that.

One of the corporations confronted with this tax asked for a ruling from the department, and the department replied, "If we will give you a tentative ruling"—I am paraphrasing now—"we are not sure it is right; we are not sure that the Department of Justice will approve of it; we are not sure we can make it stick; but if we can, and if we decide to give you a ruling you will be paying tax on $40,000 worth of product. That will be the figure. But if we don't give you that ruling you are going to pay the tax on $1,400,000 worth of product." What a situation with which to confront only one of scores of hundreds of producers. That is the problem they are confronted with tonight, and that is 19 days after the budget was brought down. The brief ends up by saying that the industry is in a total state of confusion. Many of its firms have their financial year ending on June 30 and they do not know how to close their books.

Indeed, Mr. Speaker, there are many firms in this country tonight sending out invoices which are following a very easy practice, but one which is going to lead to great confusion. They bill the purchaser for the costs, whatever they may be, and on the bottom they state "To be added, whatever tax the government decides to impose." There are scores, hundreds and thousands of invoices being sent out like that, and that is one example of the indecision which the Leader of the Opposition referred to this afternoon.

One could go on dealing with the problems facing our industries, but I do not intend to speak at any great length tonight. Whether it is the building industry, the construction industry, the graphic arts industry or almost any other industry, you will find there is a state of confusion resting in the minds of the people tonight and that, Mr. Speaker, is not because of the budget itself. It is because of the lack of care and preparation in the presentation of it, and the absolute indecision and confusion which follows on having people draft it who did not know how to draft it, and when they did draft it, did not know what they were doing.

To turn to another area to which no great reference is made, because one does not always have too great a sympathy with people engaged in financial transactions in the market and so on, we have had a semi-withdrawal, a placing in cold storage or in the mortuary of the 30 per cent takeover tax. What about the withholdiing tax? How is that going to be paid by corporations that get 25 per cent Canadian shareholders? How are you going to determine, if you have 25 per cent shareholders today whether you will have the same tomorrow? What are you going to do with the corporation whose shares are sold on the market, bought by one person one day and bought by another the next?

One does not have to be an expert on the intricate operations of the stock market to realize the difficulty. Anyone who has an elementary knowledge of economics and business practices would realize the inherent difficulties in administering such a law. What follows? You get a withholding tax which drops in one case—a carrot—and a withholding tax which increases in another case—a club, and who is going to determine whether you will get a carrot or whether you will get a club?

The government talks about our image abroad; but until that situation is clarified we have not got an image at all: We have two black eyes and a bloody nose. This afternoon I asked had we given other countries notice of our intention with respect to this tax where we have arrangements with them. In some cases the provision is automatic. If we raise it, they raise theirs accordingly. In other cases, as I read the act, notice has to be given or we cannot do it. What about a Canadian corporation wholly owned abroad? If we get this 25 per cent are they going to have 25 per cent withholding tax imposed on them as well?

As I say, there are scores of questions which should be asked and to which answers are required. The answers should not take the forms of homilies by the minister, who is working hard. Everyone knows that and appreciates this, but it is not lectures and talks we need. We can read everything about taxation, from single taxes down, in every book on economics; but now we want to know why these resolutions are not being explained and clarified. There is no reason in the world, for instance, why the Excise Tax Act resolution could not have been brought in last Thursday, and the minister would have had an opportunity of dealing with it and answering questions and the industry would have known what the position is. People do not object to paying taxes particularly. Well, they object, yes, to paying taxes, but one wants to know what one is paying for and how it is going to be computed. No one in Canada today can tell that. The resolutions could have been brought in last Thursday; they could have been brought in last Friday: instead of that we dealt with a matter of government policy. Listening to the closing words of the Minister of Finance reminded me of things that we said when we were on the other side of the house, "Why don't you let us get on with the business of the country?" We did a lot better in that direction when we were on the other side of the house than they are

doing now. We could have had a supply motion, yes; but are we going to deal with estimates in the next few days? A supply motion was not necessary today; we could have gone on with the budget resolutions today and tomorrow. As it is, all the government is doing is creating more uncertainty.

This was a definite statement of the Minister of Finance who brought in a definite policy, who knew exactly all the answers, who is only suffering because of the stupidity of the Canadian people in not appreciating what he has done and why he did it. Now we are told that "at least on Monday", "certainly, I hope, on Monday", "probably on Monday I will bring in a statement which will clarify all these matters". It is going to be some statement, Mr. Speaker, if the minister can clarify all these matters on Monday. I suggest to you that the statement made by the minister this afternoon adds to the confusion and uncertainty. He is going to bring in a statement not knowing what will be contained therein. We have to wait till Monday, and then we assume he will have to bring in another statement to clarify the first statement. We are going to have a long, long period of decisions; the 60 days of decision are going to amount to 120 and 240, and these decisions will still be in the making when the increased taxes we will have to pay in 1965 come into effect.

The minister spoke about the little man. We had a homily tonight about what a terrible thing it would be to increase income tax for the poor man. I quite agree with that. I was a member of the government that relieved 80,000 people in the lower income brackets from income tax when we were in power. I suggest to you, Mr. Speaker, that there are more medium class and poor income people who are worrying tonight whether they are going to build a house or paint the kitchen than there ever were worrying about income tax. I am suggesting to the house that there are tens of thousands of Canadians tonight who are worrying whether they are going to lose their jobs because of the effects of this sales tax. These are the problems we face. We do not want the homilies to which the minister treated us a few moments ago, and to which we will probably be treated again on Monday. These are the problems with which Canadians are confronted; these are the problems to which Canadians are getting no answer whatsoever. Therefore I suggest it was a very timely amendment that the opposition moved this afternoon and it is in the interests of the nation as a whole that it receive the support of this house.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, we have listened to the most extraordinary speech from a former minister of finance to which I think this house has ever been treated.

An hon. Member: He told the truth, though.

Mr. Pickersgill: The hon. member for Digby-Annapolis-Kings (Mr. Nowlan) has just told us that there has been more indecision and more confusion in the government since the budget was brought down on June 13 than there ever was in any other comparable period.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Just consider, sir, who made that statement. It was a minister of finance who from August to February could not make up his mind, could not decide to bring in a budget at all.

Some hon. Members: Hear, hear.

Mr. Nowlan: Mr. Speaker, on a question of privilege—

Mr. Pickersgill: —and who succeeded—

Mr. Nowlan: On a question of privilege, Mr. Speaker—

Mr. Pickersgill: Mr. Speaker, I listened quietly to the hon. gentleman—

Mr. Nowlan: Mr. Speaker, I am rising on a question of privilege. The Secretary of State (Mr. Pickersgill)—

Mr. Pickersgill: You can't take it.

Mr. Nowlan: —said I could not make up my mind between the period of August and February.

Some hon. Members: That is right.

Mr. Nowlan: I could have made up my mind, and I did. It was not a question of making up my mind; it was a question of the obstruction raised by the hon. gentlemen opposite.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, I did not object to anything said by the hon. member while he was speaking. I have a limited time to speak, as has everyone else, and I hope the hon. member is not going to be permitted to interlard my speech with speeches of his own which have nothing to do—

Mr. Smallwood: Crybaby.

Mr. Pickersgill: —with the matter under discussion. The former minister of finance, as I said, was unable to bring in a budget though he was asked and asked and asked to do it in every month that he occupied that office, and though he had a clear duty to do so because his unsuccessful predecessor, who was fired because of the mess he made of the country's finances, brought in a budget

that the opposition was never allowed to debate, because parliament was dissolved before that debate could take place.

Mr. MacInnis: Mr. Speaker, would the minister permit a question?

Some hon. Members: Sit down.

Mr. Pickersgill: If I have any time at the end I will answer the hon. gentleman's question, but there are some things I wish to say and I hope I will be given the same hearing, Mr. Speaker, as the right hon. gentleman was given this afternoon, and not be interrupted and prevented from speaking as I am now.

The hon. gentleman talked, as I say, about indecision. He was not the only one who talked about indecision. In the opening speech by the right hon. gentleman this afternoon you would have thought we were listening to a man on horseback. The great man of decision, Mr. Speaker. I would suggest to the right hon. gentleman that he read the editorials which appeared in the Tory papers right after the April election. I have a lot of them here I could read, but I am not going to.

Some hon. Members: Read them.

Mr. Pickersgill: He might even see what some of his erstwhile friends had to say about his capacity for decision. It does seem to me that of all the members of this house to bring in a motion based upon indecision, the last would be the right hon. gentleman from Prince Albert (Mr. Diefenbaker). The country knows his many qualifications; the country appreciates his capacity for visions and dreams. But the country has indicated very clearly that it has had enough of his incapacity to make decisions. The real difficulty that we are in at the moment—and I do not deny that there is some temporary difficulty—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —is precisely because we did face the uncomfortable facts and also the doubts and uncertainties which we inherited from hon. gentlemen opposite. We tried to do something about it—

Mr. Diefenbaker: I thought you had all the answers.

Mr. Pickersgill: This is one of those things which happen when you do try to make decisions—hard decisions, as my hon. friend the Minister of Finance has just said, about difficult and disagreeable situations which for six years hon. gentlemen opposite pretended were not there. It is extraordinary to listen to the right hon. gentleman who for six years was prime minister of this country. One would never know it to hear him talk today. There is not the slightest sense of responsibility, not the slightest appreciation of the problems. What kind of words does he use in his motion? He talks about confusion and chaos: doom and gloom. There was more doom and gloom in the speech made this afternoon by the Leader of the Opposition about the future of this country than there was in the whole six years when we sat on the other side.

Then we hear about this annus mirabilis, this great year 1962, the greatest year in the history of Canada. Well, hon. gentlemen went to the country in 1962 and half a million Canadians who could not find jobs to provide bread for their families told them what they thought of the wonderful year.

Mr. Korchinski: Sales tax.

Some hon. Members: Do better.

Mr. Speaker: Order.

Mr. Pickersgill: If hon. gentlemen do not want me to speak in the house, if they want to howl me down, well and good. I can say that no one on this side of the house interfered with the freedom of speech of hon. members opposite.

Mr. Diefenbaker: The hon. gentlemen denied me the right to speak in the house in December.

Mr. Pickersgill: The right hon. gentleman should think of his blood pressure. As I was saying, let us take a quick look at the doubts and uncertainties which existed in this wonderful year 1962. There were half a million unemployed at the beginning and, again, at the end of the year—

An hon. Member: How many are there now?

Mr. Pickersgill: —the year when the right hon. gentleman told the country we would have full employment in August. Perhaps members opposite would care to listen to what their leader said in his final speech to the electorate a year ago. It is one of the most incredible speeches ever made—and "incredible" is the proper adjective to apply to it—by any politician in this country. He said "I tell you the facts. I bare the record. I conceal nothing. I shade nothing". Then he went on to say: "What about employment?" This was on June 14 last year. The right hon. gentleman said:

> I am informed that tomorrow morning the latest employment figures will be given out by the bureau of statistics. For 11 consecutive months up to now, every month has shown a steady and often spectacular increase in the number of Canadians at work compared with the year before.

That sounds very plausible until we realize that the year before was the worst year of unemployment since the depression of the

thirties. This gives one an idea of the way in which the right hon. gentleman told the truth and bared the facts. Here is what he went on to say:

> I hope that in the current month of June employment figures will be brought close to a point regarded by economists as being close to full employment. Indeed, economists predict that the point will be reached in July and August of this year. Think of the position, from the recession of 1957 which we inherited, to reasonably full employment this summer.

He spoke of 1957. That was the year when we had the biggest immigration since 1913, when there were fewer than 200,000 persons unemployed in June according to the d.b.s. figures. And there were nearly twice as many unemployed when the right hon. gentleman made his statement. But this is what he told the people.

Mr. Churchill: Speak to the amendment.

Mr. Pickersgill: The right hon. gentleman talked about "the recession of 1957". That was a year of full employment when people were coming from all over the world to this country as a land of opportunity. He told the people that from this position, from the "recession of 1957", the country had been brought to reasonably full employment. The right hon. gentleman went on pretending that the unemployed were not there, ignoring them completely, and talking this foolish nonsense about more people being employed than had been employed in the previous year. Well, this would have been a terrible country if there had not been more employment than in the previous year when one considers how rapidly our population is growing.

The real tragedy of these six years was that jobs were not developing as fast as our population was increasing. That is the tragedy. It continues to be the greatest tragedy in this country. We may not do everything perfectly, but it does not seem to me that the people are going to condemn us because we are trying to do something about a problem which for years hon. gentlemen opposite pretended did not exist at all.

That was not the only thing about this wonderful year of 1962. That was the year when we had one budget, which was never debated, by one minister who was fired. Then we had another budget which was never seen from another minister who never got started. But we had a tax increase. Though we did not have the one budget debated and though we did not see the other budget at all, we did have a tax increase imposed by the prime minister by television. That was something new in this country. This prime minister, who said in the debate on the bill of rights that never would there be taxation by order in council, is the only prime minister who ever imposed taxation by order in council. And what did he say about parliament's rights in the matter? He said parliament could go off and cool down; we should not be allowed to debate. And he successfully used the rules of the house to prevent that tax coming before the house. What was the result? The result was to bring about confusion and uncertainty with regard to the surcharges which are now before the courts. It is just another of these inheritances, another of these messes which has to be cleared up by the successor to the right hon. gentleman. That was not all there was to the wonderful year.

Mr. Churchill: Speak to the amendment.

Mr. Pickersgill: I am speaking about the financial and economic policies which have caused the doubts and uncertainties in this country about which hon. gentlemen opposite are complaining. I know hon. members opposite do not like anyone on this side to speak. We were told by the former minister of finance in that famous April budget—

Mr. Churchill: Mr. Speaker, I rise on a point of order.

Some hon. Members: Sit down.

Mr. Churchill: I am rising on a point of order. I think there is a limit to what may be allowed even the Secretary of State. There is an amendment before the house to which the hon. member is not speaking. I think this is time for intervention on the part of the Speaker.

Mr. Pickersgill: Mr. Speaker, I might point out that the documents I am using are real documents and I did not have to have them forged.

Some hon. Members: Oh, oh.

Mr. Churchill: I rise again on a point of order. I ask for your ruling, Mr. Speaker, with regard to this matter. I did not raise the point of order lightly, any more than I raised the question of the documents lightly the other day. My point of order is that the hon. gentleman should not have the special privileges in this house which are being accorded him now.

Mr. Speaker: I can assure the hon. gentleman that the Secretary of State has no special privileges in this house.

Mr. Pickersgill: Mr. Speaker, if the hon. member for Winnipeg South Centre does not like what I am saying he should perhaps take his turn in debate and reply, and allow me to debate on the first occasion on which I have really taken any part in the debates of this parliament. It seems to me that the latitude shown hon. gentlemen opposite should

also be shown to members of the government. After all, sir, we also got elected to this house. Now, sir, as I was pointing out when we had the irrelevant interruption from Winnipeg, the minister of finance of that day, Mr. Fleming—

Mr. Knowles: Mr. Speaker—

Some hon. Members: Order.

Mr. Knowles: Mr. Speaker, in view of the mention of Winnipeg, would the hon. minister permit a question?

Mr. Pickersgill: Yes.

Mr. Knowles: Is the Secretary of State making this speech in response to the plea of the Minister of Finance about half an hour ago that we get on with the country's business?

Mr. Pickersgill: Yes, sir, I am, and I will tell the hon. gentleman why. We have sat here very patiently on this side of the house since May 16 allowing practically all the debating to be done by hon. gentlemen on the opposite side of the house, but we do not appear to have made a great deal of progress in this house by that method. It has occurred to me that if one or two speeches are made from this side of the house, perhaps of a slightly higher quality, but of the same partisan character as the hon. gentlemen opposite make, it might conduce to more progress. At any rate, it seemed an experiment worth trying. As the hon. member also knows, there is a limited time in this debate and we will make just as much progress if I continue to speak as we would if some other hon. member spoke.

May I now go on with my speech, sir, and I hope without further interruption.

Mr. MacInnis: Would the minister permit a question?

Mr. Pickersgill: I have already told the hon. gentleman that if I have any time at the end I will answer his question, but in the meantime I would like to continue. What I was saying was that in that famous budget of April 1962 we were told that we could not have a devaluation of the dollar; that it would be a disaster for the country; that we could not have a pegged dollar. That was the policy of the government which was set out by Mr. Fleming. On May 2, 1962 the government of that day were driven to devaluation and to pegging the dollar because they had refused to face up to the economic realities which faced this country in the world, and because other countries had lost confidence in our currency. There was an exchange crisis in the middle of an election, a crisis which was very seriously aggravated by the—

An hon. Member: The Liberal party.

Mr. Pickersgill: —by the cabinet leak of the hon. member for Qu'Appelle (Mr. Hamilton) in that blazing indiscretion in Vancouver which caused so many telephone calls between the prime minister of the day and Mr. Fleming, and another panic and another drain on the exchanges. Yet in the face of that situation the prime minister of that day, on June 14, had the effrontery, in a speech in which he began by telling us how truthful he was, to tell the people of this country that everything was going wonderfully in this country and that there were no problems at all. Exactly ten days later the hon. gentleman was singing a very different tune on television, but that was when the election was over.

Mr. Churchill: Why don't you speak to the amendment in 1963?

Mr. Smallwood: Talk about this budget.

Mr. Pickersgill: You do not like the truth, do you? I will satisfy the hon. member for Battle River-Camrose (Mr. Smallwood) right now. I will tell him about this budget right now. I will tell him that we would not have had to bring in a budget with a lot of disagreeable taxation in it if we had had decent financial management in this country for the last six years.

Mr. Diefenbaker: What buffoonery.

Mr. Pickersgill: No government likes to put on taxes. Every politician would like to take them off. The former minister of finance —I mean the one who never brought in a budget; he has disappeared again, like his budget—the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) has a very short memory, it seems to me. He talked about a removal of the tax from certain categories of income tax payers in 1957 in a baby budget that also was not a budget. That was Mr. Fleming's first effort. The hon. member for Digby-Annapolis-Kings did not say a word about the taxes they put on. He did not say a word about the increase in the unemployment insurance contributions resulting from the mismanagement of the employment policies of this country. He did not say a word about the extra 1 per cent which was put on the sales tax because it was the right hon. gentleman who raised the sales tax in this country from 10 per cent to 11 per cent and put up the cost of living for everybody in this country in doing so. That was a tax which took a great deal more out

of the low income tax payers than any saving they ever got from any income tax reductions from hon. gentlemen opposite.

Mr. Diefenbaker: Is there no limit to nonsense and buffoonery?

Mr. Pickersgill: Nor did the hon. gentleman for Digby-Annapolis-Kings say anything about the $200 million taxation put on by order in council and taken off about a day or two before the election because it was no longer needed politically. Then we had austerity in that wonderful year of 1962. That was another of the great achievements. In fact, sir, the year 1962 was such a wonderful year for the country and such a wonderful year for the government of the day that the then prime minister lost 11 of his colleagues in one way or another in 11 months.

An hon. Member: They were cheap at the price.

Mr. Pickersgill: I can understand the speech made by the right hon. gentleman this afternoon. Anyone can understand it. Anyone can understand it, coming from a man who was given a vote of confidence greater than that given to any other Canadian at any other time in our history, as the right hon. gentleman was given on March 31, 1958. One can understand, sir, how, having smashed his government and put his party out of office, the iron has entered into his soul. One can understand the bitterness with which he attacks every attempt made by his successors to do anything constructive to clean up the mess that he was repudiated for creating.

Mr. Diefenbaker: After all the preliminaries are over, may I ask the hon. gentleman if this all means that you are going to keep the sales tax on productive machinery and also on building materials?

An hon. Member: Answer.

Mr. Pickersgill: I have no lessons to take in play acting from the right hon. gentleman. I might say that I will not describe the right hon. gentleman's conduct in the same terms in which he has described mine because I do not think it is a very courteous way for one hon. member to describe another.

Mr. Korchinski: Be decisive; answer.

Mr. Pickersgill: Of course, it would be much easier to answer questions if one had the floor and if hon. members would listen.

I say, sir, that it would have been a very easy way to bring down a budget for the immediate present if my hon. friend, the Minister of Finance, had come in here on June 13, and said, "We are not going to increase any taxes this year; we are just going to—"

Some hon. Members: Oh, oh.

Mr. Pickersgill: "—we are just going to have another three quarters of a billion dollar deficit like our predecessors." He could have done that if he had had the same lack of regard for realities, the same lack of a sense of responsibility, as hon. gentlemen opposite showed. Then, he would probably have precipitated this country into the same situation as they did, and brought on another exchange crisis. I think the difference between my hon. friend and the hon. gentlemen who were in office before is that he said, and the members of the government said when they went to the country, that we were going to attempt, though not in one year, to balance the budget. We could not go on with this bleeding that had taken place for the last six years. We must make an approach towards a balanced budget.

Now, I think the majority of sensible, hard working Canadian people believe that is right. They know quite well, that in their own personal situation, they cannot go into debt year after year after year and have any credit left. Everybody knows that. Everybody also knows that if you have a bad year or two, if you are a good risk, you can get credit and you can pay back your debts. However, if you are going on endlessly, year after year as we did from 1957 until 1963, without any attempt—

Some hon. Members: Time, time.

Mr. Pickersgill: —to face the realities of our position, we get into a position such as the hon. gentlemen landed themselves in last June when they pretended everything was rosy, and then later the prime minister admitted on television that there was actually a crisis. We did not want to do that. Before the election we told the people who voted for us what we would do. We said we were going to attempt to reduce the deficit with a view ultimately to achieving a balanced budget.

An hon. Member: Why.

Mr. Pickersgill: I have just indicated to the hon. gentleman why. It should be apparent to anybody that in a country like this, which is as dependant as this country is upon external trade and upon the maintenance of a proper balance in its international payments, that if there is confidence lost, whether for good reasons or bad, makes very little difference, in the economy and in the currency of the country—

Mr. Diefenbaker: The loss of confidence has been on the gallop in the last few days.

Mr. Pickersgill: The former prime minister says the loss has been on the gallop in the last few days. However, it has not galloped as fast as it did between the 14th and the 24th of June last year. On the 14th of June, everything was rosy and on the 24th of June we faced a national crisis. What did he say then? He said there will be time enough for the discussion of political matters when the emergency is passed. If the right hon. gentleman believed that then, and if he believes there is an emergency now, why does he not act now in the way he suggested his fellow citizens should act then, instead of seeking a transitory political advantage out of a debate about what, after all, is a very temporary situation.

Mr. Churchill: Mr. Speaker, I rise on a point of order. I draw your attention to standing order 58, (7) which reads:

> No member, except the Minister of Finance, the member speaking on behalf of the opposition, the Prime Minister and the Leader of the Opposition, shall speak for more than 30 minutes at a time in the budget debate;

Mr. Speaker: May I draw the hon. member's attention to standing order 31(1) which reads:

> Unless otherwise provided in these standing orders, when Mr. Speaker is in the chair, no member, except the Prime Minister and the Leader of the Opposition—

and so on.

> —shall speak for more than 40 minutes at a time in any debate.

The hon. Secretary of State started at 9.06 and he finishes at 9.46.

Some hon. Members: Oh, oh.

Mr. Chevrier: Get the rule book.

Mr. Pickersgill: I see the hon. gentleman is now even seeking to forge the rules. These things are apt to become a habit. The hon. gentleman should be careful.

Now, sir, the difficulties in which we are in this country at the moment—

Mr. Pigeon: Speak about Mr. Lesage.

Mr. Pickersgill: The difficulties we are in at the present moment, are important difficulties. My hon. friend the Minister of Finance has said that there are some things about the withdrawal of the exemption from sales tax that do need clarification. We all know they do. I have been here for a long time, and so have many other hon. members; but I cannot recall a single budget in which amendments to the sales tax or amendments to the Customs Tariff did not require clarification and some amendment before the budget was over. There is nothing unusual about that at all. Of course, we had one or two very interesting spectacles when Mr. Fleming was minister of finance. We had none with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) because he never brought a budget before us. He relied on taxation by order in council, and there seems to be doubt and uncertainty about that, as I pointed out a few moments ago. The one thing that every hon. member with experience knows is when any uncertainty does appear about budget resolutions, when any doubt as to interpretation appears, when any clarification is necessary, it is of the utmost importance that when it has been clarified the job shall be done thoroughly and properly so that the taxpayers will know for sure what the tax is. Just to show how easy it is to make a mistake, I would point out that the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) talked about something that had happened several days ago as being 19 days after the budget. There have not been 19 days yet. If the hon. member for Digby-Annapolis-Kings cannot even count the number of days since the budget when he is making a speech in the house, surely it is not surprising that in the drafting of some of these very complex pieces of legislation there should require to be some clarification of matters rather more complicated than the number of days since June 13. It shows that all of us make mistakes—

An hon. Member: You are making a big one now.

Mr. Pickersgill: —but when we do make mistakes and corrections are necessary it is very desirable and indeed imperative that those corrections should be correct.

An hon. Member: When?

Mr. Pickersgill: Nobody really seriously believes that this country is going to disappear or that we are going to have any confusion and chaos. We undoubtedly will have some inconvenience and annoyance but we will not have any confusion and chaos if another four or five days elapse before this process of clarification is completed. No member with any real sense of responsibility believes any such exaggeration.

The fact of the matter is that what the hon. gentleman objects to in his amendment is that the government is really trying to do something about the serious problems which we inherited because of the financial mismanagement which caused him to try to fire the governor of the Bank of Canada, to fire one minister of finance and to refuse to allow another to bring a budget forward while he imposed taxes by order in council so that

parliament could not scrutinize them at all. Then he has the effrontery, sir, after preventing parliament for five months from considering a huge tax of $200 million that he imposed by order in council, to come in here and complain that he cannot get information about legal points connected with the budget resolutions before the time properly set down in this house for the debate of those resolutions. Under the guise of an amendment to the motion to go into supply he moves an amendment which in effect causes the house simply to debate over again something that was settled by the house over a week ago.

Mr. MacInnis: Mr. Speaker, the hon. member said—

Mr. Speaker: Order.

Mr. MacInnis: Mr. Speaker, the hon. member said that he would give me the opportunity to ask one question.

Mr. Speaker: I regret that it being 9.45 o'clock p.m. it is my duty, pursuant to special order made Thursday last, to interrupt these proceedings and put forthwith the question on the amendment now before the house.

The house divided on the amendment (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Alkenbrack
Balcer
Baldwin
Barnett
Bell
Bigg
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Casselman, Mrs.
Chatterton
Churchill
Coates
Cooper
Danforth
Diefenbaker
Doucett
Douglas
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)
Forbes
Gundlock
Harkness
Herridge
Howe (Hamilton South)
Howe (Wellington-Huron)
Irvine
Jorgenson
Knowles
Korchinski
Lamb
Lambert
Loney
MacEwan
MacInnis
MacLean (Queens)
McBain
McCutcheon
McIntosh
Madill
Marcoux
Martineau
Mather
Millar
Monteith
Moore
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
Orlikow
Pascoe
Peters
Pigeon
Prittie
Pugh
Rapp
Ricard
Skoreyko
Smallwood
Smith
Starr
Stefanson
Stenson
Thomas
Vincent
Webb
Webster
Weichel
Winch
Winkler—75.

NAYS

Messrs:

Asselin (Notre Dame de Grace)
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Bechard
Belanger
Benidickson
Benson
Berger
Blouin
Boulanger
Boutin
Cadieux (Terrebonne)
Cantin
Caouette
Cardin
Caron
Carter
Cashin
Chevrier
Côté (Chicoutimi)
Côté (Longueuil)
Deachman
Denis
Deschatelets
Drury
Emard
Ethier
Favreau
Forest
Forgie
Foy
Francis
Frenette
Garland
Gauthier
Gelber
Gendron
Girouard
Godin
Gordon
Granger
Gray
Greene
Gregoire
Groos
Guay
Habel
Haidasz
Harley
Hays
Hellyer
Honey
Howard
Jewett, Miss
Kelly
Klein
Konantz, Mrs.
Lachance
Laing
LaMarsh, Miss
Lamoureux
Langlois
Laniel
Laprise
Latulippe
Laverdiere
Leboe
Leduc
Lessard (Lake St. John)
Lessard (St. Henry)
Loiselle
Macaluso
Macdonald
MacEachen
MacNaught
McIlraith
McMillan
McNulty
McWilliam
Martin (Essex East)
Matheson
Matte
Mitchell
Moreau
Mullally
Munro
O'Keefe
Olson
Ouellet
Pennell
Pepin
Perron
Pickersgill
Pilon
Regan
Richard
Rideout
Rinfret
Robichaud
Rochon
Rock
Rondeau
Roxburgh
Ryan
Sauve
Sharp
Tardif
Temple
Thompson
Tremblay
Tucker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan—115.

Mr. Speaker: I declare the amendment lost.

Mr. Mandziuk: Mr. Speaker, being paired with the hon. member for Wentworth (Mr. Morison), I did not vote; but had I voted, I would have voted for the amendment.

(Translation):

Mr. Grafftey: Mr. Speaker, I was paired with the hon. member for St. Jean-Iberville-

Napierville (Mr. Dupuis). I did not vote; but had I voted, I would have voted for the amendment.

(Text):

Mr. Fane: Mr. Speaker, I was paired with the hon. member for Gaspe (Mr. Cyr). I did not vote. Had I voted, I would have voted for the amendment.

(Translation):

Mr. Paul: Mr. Speaker, I was paired with the hon. member for St. Maurice-Lafleche (Mr. Chretien). Had I voted, I would have voted for the amendment.

(Text):

Mr. Brown: Mr. Speaker, I was paired with the hon. member for Simcoe East (Mr. Rynard). Had I voted, I would have voted against the amendment.

Mr. Stewart: Mr. Speaker, I was paired with the hon. member for Royal (Mr. Fairweather). Had I voted, I would have voted against the amendment.

Mr. Lloyd: Mr. Speaker, I was paired with the hon. member for Melville (Mr. Ormiston). I did not vote. Had I voted, I would have voted against the amendment.

Division

Mr. Turner: Mr. Speaker, I was paired with the hon. member for Yukon (Mr. Nielsen). Had I voted, I would have voted against the amendment.

Mr. Armstrong: Mr. Speaker, I was paired with the hon. member for Assiniboia (Mr. Watson). Had I voted, I would have voted against the amendment.

Mr. Mackasey: Mr. Speaker, I was paired with the hon. member for Bow River (Mr. Woolliams). Had I voted, I would have voted against the amendment.

Mr. Hahn: Mr. Speaker, I was paired with the hon. member for Springfield (Mr. Slogan). Had I voted, I would have voted against the amendment.

Mr. Teillet: Mr. Speaker, I was paired with the hon. member for Portage-Neepawa (Mr. Enns). Had I voted, I would have voted against the amendment.

Mr. Nixon: Mr. Speaker, I was paired with the hon. member for Huron (Mr. Cardiff). Had I voted, I would have voted against the amendment.

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

HOUSE OF COMMONS

Wednesday, July 3, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. FANE—OFFICIAL REPORT OF DAILY PROCEEDINGS

Mr. F. J. W. Fane (Vegreville): Mr. Speaker, I wish to raise a question of privilege which concerns all members of this house and a good many people throughout our nation. It relates to the printing of the English version of the daily official report of the proceedings in the House of Commons.

As all our members are fully aware, this report is issued in two parts. The first part is a verbatim report of every word that is said in the House of Commons, whether in English or in French. The second part, at the back of each issue contains the English translation of the remarks made in French. Might I suggest, for the convenience of those who are not completely familiar with French, that instead of the statements made in French being printed in French in the first part, the translation of those statements be printed in English so that the whole of the first part of the daily report is in English. The original statements could then be printed in French in the second part.

In many instances questions are asked in French and answers are given in English. This necessitates, at present, looking in the back of the report in order to get the full meaning of the question and then turning back to read the answer. I note that the French version of this report is written entirely in French.

Mr. Speaker: I thank the hon. member for bringing this important matter to the attention of the house. Fundamentally it is really a matter of administration rather than a question of privilege. However, the subject matter has been under discussion for some time, and if it meets with his pleasure I suggest that the matter be referred for study to the committee on internal economy.

MR. TURNER—REFERENCE TO STATEMENT BY MEMBER FOR JOLIETTE-L'ASSOMPTION-MONTCALM

Mr. J. N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I rise on a question of privilege. On Thursday, June 27 the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) declared that he had made an error and that he had not been paired with the hon. member for St. Antoine-Westmount but rather with the hon. member for St. Lawrence-St. George. As far as I can gather he was paired with neither. There must have been an error in the stenography, and I just want to draw the matter to his attention.

Mr. Pigeon: Yes, I agree with that.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*J. E. GALIBOIS—INQUIRY INTO ACTIVITIES

Question No. 323—**Mr. Howard:**

Have any inquiries been made into the administration or the conduct or the activities of one J. E. Galibois, former Indian agency superintendent, during this term of office or after it and, if so, what was the nature of the inquiry and the results thereof?

Mr. Munro: Yes. In addition to the normal regular inspections of the Fort St. John Indian agency of which Mr. Galibois was superintendent, a special investigation was carried out in April 1962 following complaints of serious conditions among the Indians at Prophet River. The investigation revealed that these complaints were greatly exaggerated.

SCARBOROUGH, ONT.—REPRESENTATIONS RESPECTING COMMUTER SERVICE

Question No. 391—**Mr. Scott:**

1. In each of the years 1959, 1960, 1961, and 1962 what requests and representations have been made to the government or to the Canadian National Railways for commuter railway services for the residents of the township of Scarborough, and what was the nature of the response to them?

2. Does the government have under active consideration the provision of such commuter railway services to the area above mentioned?

Mr. Cantin: 1. (a) There is no record of any requests or representations on the files of the Department of Transport.

(b) The management of Canadian National Railways advise that no formal request was made for commuter services during the years 1959 to 1962 inclusive. In 1960 and 1961 during the procedure involved in the discontinuance of passenger service Toronto-Lindsay-Peterborough-Belleville request was made to retain an evening commuter service

Toronto to Markham. Following the board of transport commissioners approval in 1961 to discontinue the Toronto-Belleville service the railway agreed to an evening commuter train Toronto to Markham. At that time it was indicated that the train would be operated on an experimental basis to determine whether it could be compensatory.

2. This matter is not under consideration by the federal government.

EXAMINATION OF LEGISLATION UNDER BILL OF RIGHTS

Question No. 401—**Mr. Knowles:**

1. Since the coming into force of the Canadian Bill of Rights and the Canadian Bill of Rights examination regulations, how many (a) government bills (b) public bills (c) private bills (d) proposed regulations have been examined by the deputy minister of justice to determine whether any of the provisions thereof are inconsistent with the purposes and provisions of the Canadian Bill of Rights?

2. To how many of the (a) government bills (b) public bills (c) private bills (d) proposed regulations referred to in question 1 has the deputy minister of justice affixed a certificate stating that the said bill or regulation has been examined as required by the Canadian Bill of Rights?

3. In the case of how many (a) government bills (b) public bills (c) private bills (d) proposed regulations has it been reported, as required by section 3 of the Canadian Bill of Rights and by section 6 of the Canadian Bill of Rights examination regulations, that there were provisions inconsistent with the purposes and provisions of the Canadian Bill of Rights, and what are the numbers, titles and dates of any such bills or proposed regulations concerning any provisions of which such reports were made?

Mr. Macdonald: 1. (a) 129; (b) 279; (c) 1,230; (d) 1,105.

2. (a) 129; (b) 275; (c) 1,230; (d) 1,105.

3. (a), (b), (c) and (d): None.

Government bills are prepared in the Department of Justice and government regulations are either prepared in or examined by the Department of Justice. Any possible inconsistencies with the Canadian Bill of Rights would therefore be noted and corrected prior to final submission of the regulations or introduction of bills.

Where a question is raised in the house as to the propriety of a bill, examination of the bill under the Canadian Bill of Rights is made after it has been determined by the house that the measure is properly before the house.

SAWMILL BAY, N.W.T. AIRSTRIP

Question No. 435—**Mr. Rheaume:**

1. Which department of the government is responsible for operation and maintenance of the airstrip at Sawmill Bay, N.W.T.?

2. Which companies or agencies now make use of this airstrip?

3. Will the government consider providing this field with suitable aids to navigation and maintenance to facilitate increased use of the airstrip?

Mr. Cantin: 1. No government department operates this airstrip. It is understood that Sawmill Bay strip is now operated by Great Bear lodge and used extensively in connection with fishing camps.

2. Eldorado Mining Company and Great Bear lodge.

3. There does not appear to be sufficient requirement for aids to navigation and maintenance as a charge on public funds at present although the matter will be kept under review.

(Translation):

QUEBEC—REPRESENTATIONS RESPECTING LOTTERIES

Question No. 451—**Mr. Valade:**

Has the federal government received any representations from the government of Quebec with regard to amending the Criminal Code in order to authorize a provincial lottery and, if so (a) what is the nature of the representations (b) does the federal government intend to meet the request of the government of the province of Quebec in this respect and if so, when?

Mr. Macdonald: No representations have been received to that effect from the Quebec government since the present administration took office.

(Text):

INDIAN AFFAIRS, NORTHWESTERN ONTARIO—TEACHING OF INDIANS

Question No. 458—**Mr. Fisher:**

1. In the Indian agencies of Port Arthur, Nakina, Chapleau and Sioux Lookout, how many (a) Indian affairs schools (b) religious schools were entirely or largely engaged in teaching Indians in 1962?

2. Where were these schools, and what were the names and teaching qualifications of the personnel?

3. What percentage and number of the teachers in these agencies did not have diplomas or other qualifications that would enable them to teach in Ontario public schools (without letters of permission)?

Mr. Munro: 1. (a) 29; (b) 5.

2. (a) Following is the location, names, and teaching qualifications of personnel employed in schools operated by Indian affairs branch:

Questions

Name and Address of School	Name of teacher	Teaching Qualifications	Teachers' Certificate Title	Certificate Source
Chapleau Agency				
Mattagami Gogama, Ont.	Mr. J. D. Reed	Sr. matric. + 1 yr. teacher education	First class	Ont.
Mobert Mobert, Ont.	Miss D. C. Gibson	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
	Miss M. E. Kowall	Jr. matric. + 1 yr. teacher education	"C"	N.S.
Mountbatten Tophet, Ont.	Mr. G. M. Young	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
Nakina Agency				
Aroland Aroland via Nakina, Ont.	Mr. J. Smigrodzki	Sr. matric. + 5 yr. teacher education	Secondary	Poland
	Miss C. DeCruyenaere	Sr. matric. + 2 yr. teacher education	First class	Man.
Collins Collins, Ont.	Mr. L. W. Garber	Sr. matric. + 1 yr. teacher education	First class	Ont.
Constance Lake Calstock via Hearst, Ont.	Rev. J. Jeffries	Sr. matric. + 1 yr. teacher education	First class	Ont.
	Miss S. Stupavsky	Sr. matric. + 1 yr. teacher education	First class	Ont.
Fort Hope Fort Hope via Nakina, Ont.	Mr. N. Potts	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
Lansdowne House CE Lansdowne House Ontario	Mr. E. G. Caffin	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
Lansdowne House RC Lansdowne House Ontario	Mr. N. St. Amant	Jr. matric. + 1 yr. teacher education	1st yr. normal school	U.S.A.
Longlac Longlac, Ont.	Sr. M. of Redemption	Sr. matric. + 1 yr. teacher education	Second class Superior	Ont. Que.
	Sr. M. Incarnation	Jr. matric. + 1 yr. teacher education	Second Class First class	Ont. N.B.
	Miss Rita Gaffney	Sr. matric. + 1 yr. teacher education	First class	Ont.
	Mrs. S. T. Angus	Sr. matric. + 1 yr. teacher education	First class	Ont.
	Mrs. F. Pond	Jr. matric. + 1 yr. teacher education	Second class	Ont.
Port Arthur Agency				
Gull Bay Gull Bay via Armstrong, Ont.	Mr. J. Reilly	Jr. matric. + 1 yr. teacher education	Second class	Scotland
Lake Helen Nipigon, Ont.	Miss E. M. Lingley	Jr. matric + 1 yr. teacher education	First class	N.S.
Mission Bay c/o General Delivery, Fort William, Ont.	Mr. L. V. Ramczykowski	Sr. matric. + 4 yr. teacher education	Secondary	Poland
Mountain Village c/o Gen. Delivery Fort William, Ont.	Mr. W. Devine	Sr. matric. + 4 yr. teacher education	Prof. class II	N.S.

Name and Address of School	Name of Teacher	Teaching Qualifications	Teachers' Certificate Title	Certificate Source
	Miss C. Harrett	Sr. matric + 1 yr. teacher education	First class	Ont.
Pic Heron Bay, Ont.	Mr. I. Mazewski	Sr. matric. + 4 yr. teacher education	Secondary	Poland & U.K.
	Mr. W. Blackbird	Sr. matric + 1 yr. teacher education	First class	Ont.
	Mrs. H. Bodnaryk	Jr. matric + 1 yr. teacher education	Cond. First class	Man.
Sioux Lookout Agency				
Deer Lake c/o Oscar Lindokken, Red Lake, Ont.	Mr. N. MacKenzie	Sr. matric + 1 yr. teacher education	First class	Ont.
Bearskin Bearskin Lake via Sioux Lookout, Ont.	Mr. P. Friesen	Sr. matric. + 4 yr. teacher education	Element-ary	Paraguay
Big Beaver House Big Beaver House via Sioux Lookout, Ont.	Mr. R. Henderson	Sr. matric + 1 yr. teacher education	First class	Ont.
Cat Lake Central Patricia, Ontario	Mr. B. Wiebe	Sr. matric + 1 yr. teacher education	First class	Man.
McIntosh Residen-tial McIntosh, Ontario	Sr. M. G. Albert	Sr. matric. + 4 yr. teacher education	First class	Man.
	Sr. M. desVictoires	Sr. matric. + 1 yr. teacher education	First class	Man.
	Mrs. Y. Paquin	Sr. matric. + 1 yr. teacher education	First class	Man.
	Miss Berthe Menard	Sr. matric. + 1 yr. teacher education	First class	Man.
	Sr. M. Ste. Mathilde	Sr. matric. + 2 yr. teacher education	First class	Man.
	Mrs. A. Downey	Jr. matric + 1 yr. teacher education	Model	Que.
	Sr. M. duChrist Roi	Jr. matric + 1 yr. teacher education	Second class	Man.
Osnaburg Central Patricia, Ont.	Miss J. M. Seabrook	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
	Miss P. M. Feng	Sr. matric. + 1 yr. teacher education	Element-ary	Ont.
Pikangikum Pikangikum Ont.	Mr. I. L. Howes	Sr. matric + 1 yr. teacher education	Element-ary	Ont.
Round Lake Round Lake via Sioux Lookout, Ont.	Mr. G. R. Hubbert	Sr. matric + 4 yr. teacher education	First class	Ont.
	Mr. D. L. Pott	Sr. matric. + 1 yr. teacher education	First class	Man.
Sachigo c/o Trans Air Sioux Lookout, Ont.	Mr. D. B. MacBeath	Sr. matric + 3 yr. teacher education	First class letter of standing IV	P.E.I. N.B.

[Mr. Munro.]

Name and Address of School	Name of Teacher	Teaching Qualifications	Teachers' Certificate Title	Certificate Source
Sandy Lake RC Favourable Lake Ont.	Mrs. M. K. Deveaux	Sr. matric + 4 yr. teacher education	Prof. class II	N.S.
	Mr. A. Deveaux	3 yr. university	nil	
Sandy Lake UC Favourable Lake Ontario	Miss M. Wiebe	Sr. matric. + 4 yr. teacher education	First class B	Man.
	Miss L. T. Heikkinen	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
	Miss S. R. Hickerson	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
Sioux Lookout Residential Sioux Lookout, Ontario.	Miss M. D. Nielsen	Sr. matric. + 1 yr. teacher education	First class	Sask.
	Mrs. E. H. Kingston	Sr. matric. + 2 yr. teacher education	First class	N.B.
	Mrs. J. E. Kelly	Sr. matric. + 1 yr. teacher education	First class	Ont.
Trout Lake Trout Lake via Central Patricia Ont.	Mr. F. H. E. Bennett	Sr. matric. + 1 yr. teacher education	First class	Ont.
	Miss S. Raymond	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
	Miss C. Thompson	Sr. matric. + 1 yr. teacher education	Standard 1	Ont.
Wunnumin Wunnumin Lake via Sioux Lookout Ontario	Rev. J. M. Bonnard	2 yr. university	Nil	

2. (b) Following are the locations of the religious schools and the qualifications of the teaching personnel:

Name and Address of School	Name of Teacher	Teaching Qualifications	Teachers' Certificate Title	Certificate Source
Port Arthur Agency St. Joseph's	Mrs. Rooney	Sr. matric. + 1 yr. teacher training	First class	Que.
Boarding School (RC)	Sister Ruth	Matriculation	Nil	
Fort William Ontario	Mrs. Duggan	Sr. matric. + 1 yr. teacher training	First class	Ont.
Sioux Lookout Agency Poplar Hill (RC) P.O. Box 695 Red Lake, Ontario	John Paul Grimard	B.A.	Nil	
Poplar Hill (Mennonite)	Miss Elaine Zehr	Sr. matric. + 1 yr. teacher training	First class	U.S.A.
P.O. Box 315, Red Lake, Ont.	Mr. C. Schnupp	B.A.	Nil	
	Mrs. C. Schnupp	Sr. matric. + 1 yr. teacher education	First class	U.S.A.
Red Lake (Mennonite)	Miss S. Doutrigger	2 yr. university	Nil	
Red Lake, Ontario	Mr. Paul Miller	B.Sc. in elementary education	First class	U.S.A.
North Spirit Lake (Mennonite) Red Lake, Ont.	Miss Arletta McDowell	Sr. matric. + 1 yr. teacher training	Interim elementary Standard 1.	Ont.

Questions

3. Of the total of 54 teachers employed in schools operated by the Indian affairs branch only two, or 3.7 per cent have not had teacher training and would be required to attend a professional teacher training course to be qualified to teach in Ontario schools. It may be noted, however, that both had university training beyond senior matriculation. Twenty six of the 54 teachers, or 48 per cent, who completed their professional teacher training outside the province of Ontario would be eligible for a letter of standing and could obtain an Ontario permanent certificate after probationary service of one year under letter of standing and two years' successful teaching subsequent to date of interim certificate.

Of the ten teachers employed in religious schools four have not had teacher training and would be required to attend a professional teacher training course to be qualified to teach in Ontario schools. Four who completed their professional training outside Ontario would be eligible for a letter of standing and could obtain an Ontario permanent certificate after probationary service of one year under letter of standing and two years' successful teaching subsequent to date of interim certificate.

RAILWAY AGREED CHARGES

Question No. 460—**Mr. Fisher:**

1. How many agreed charges exist at this date?

2. What has been the figure, by year, in their increase?

3. Which railroad took the initiative by year, in posting these agreed charges?

4. In mid-1963, what is the estimate that the B.T.C. has of the percentage in volume and revenue from all freight that comes to each of the major railways?

5. How many agreed charges have been contested by either shippers or other carriers?

6. What was the number of each charge and the disposition made of the protest?

Mr. Cantin: The Board of Transport Commissioners for Canada advise as follows:

1. 1,375.

2. The number of new agreed charges filed with the board was as follows:

1958	1959	1960	1961	1962
204	320	248	254	210

3. This information is not available. Agreed charges are executed and filed with the board by the Canadian Freight Association on behalf of all carriers.

4. This information is not segregated by major railways. However, the following information is from the latest waybill analysis made by the Board of Transport Commissioners for Canada for the calendar year 1961:

[Mr. Munro.]

Type of Traffic	Per cent of Sample Ton Miles	Per cent of Sample Revenue
Class rated	1.8	5.0
Commodity non competitive	28.2	32.0
statutory	37.3	12.2
competitive	15.0	25.0
agreed charges	13.0	19.2
Multiple rates	2.6	2.3
Mixed shipments	2.1	4.3
Total	100.0	100.0

5. Three.

6. Agreed charges numbers 63 and 89—charges fixed for other shippers.

Agreed charge number 204—application for fixed charge dismissed.

RESEARCH INTO NUCLEAR FALL-OUT

Question No. 492—**Mr. Starr:**

1. Is research being carried on by the Department of National Health and Welfare in respect to nuclear fall-out in Canada?

2. How many scientists are working on this research (full time)?

3. Is research being carried on in respect to the protection of food supplies from nuclear fall-out?

4. How much is being spent by the Department of National Health and Welfare on this research?

5. Have any reports been made to the department as a result of this research?

6. Has any action been taken based on these reports?

7. Has the government any plans to cope with the dangerous levels of fall-out?

8. Is there any literature available to educate citizens to cope with the dangers of fall-out?

Mr. Haidasz: 1. The Department of National Health and Welfare is carrying out an extensive study of radioactive fall-out throughout Canada. The program includes systematic measurement of fall-out levels in air, precipitation and soil at a network of stations extending across Canada and into the far north. It also includes the systematic collection of milk samples from 16 localities in the populated part of Canada; these samples are assayed for iodine 131, strontium 89, strontium 90 and cesium 137. Wheat samples are collected annually from the major wheat producing areas in western Canada and analysed for strontium 90. Human bone specimens are collected at autopsy from hospitals throughout the country and assayed for strontium 90.

2. Three chemists and one physicist are engaged full time in directing the analytical and developmental work of this program. Three other scientists are engaged part time

on various aspects of the program. Twenty highly skilled technicians are also engaged full time in this program.

3. The department's program of measuring fall-out levels in milk and wheat represents the first step in a program designed to protect food supplies from fall-out. Milk has been selected because, for the average Canadian diet, milk and dairy products contribute more fall-out than any other single food item. Another important step in protecting food supplies involves knowing the consumption habits of Canadians of all ages. A study is currently in progress to determine the milk consumption habits of Canadians. These steps are preludes to taking actual action should it become necessary. The department, in collaboration with the Department of Agriculture and representatives of the industries concerned, has developed a plan of action for ensuring the continuing supply of acceptable milk should the levels of iodine 131 require such remedial action. Similarly the department is keeping in touch with the development of techniques for the removal of strontium 90 and cesium 137 from milk. Because of the long term nature of the build up of these elements in the body, remedial action would not need to be made effective as quickly as in the case for iodine 131. It should be emphasized that there is not now, nor has there been, need to take any of these measures.

4. The total budget of the department's radiation protection division is $563,255 for 1963-64 and roughly half this amount relates to fall-out studies.

5. The radiation protection division publishes a monthly report containing all the current results from the extensive fall-out studies program. These reports are available to anyone upon request and are regularly sent to all provincial departments of health and a mailing list of about 900 names. In addition, an annual report is published which presents a more detailed description of the program and its implications to health.

6. It is not considered that the levels so far observed are such as to warrant taking any specific action. Formulation of the plan of action for dealing with high iodine 131 levels, should the need arise, was a direct outcome of the rapid rise observed in iodine 131 levels last fall.

7. Yes, for example the plan of action for dealing with iodine 131, should the need arise. This plan will involve specific action by the dairy farmers and the dairy processors and has been made known to them. The introduction of such measures is not required at the present time.

8. Present fall-out levels are not such as to make it desirable to take specific action to reduce the intake of fall-out. The second report of the United Nations scientific committee on the effects of atomic radiations, published in 1962, is a comprehensive technical report which evaluates the relative risk to health from various sources of irradiation and presents the most recent information on the biological effects of radiation exposure. If fall-out levels should rise to dangerous levels it is considered that more effective action could be taken by the government than by individual citizens.

LAKEHEAD WATER LEVELS

Question No. 596—**Mr. Fisher:**

1. How much variation has there been, year to year, since 1958, in the water level of lake Superior at the Canadian lakehead?

2. Has the government a record of the depths of water at all slips in lakehead harbour and, if so, are any of the slips shallower in depth than the official loading depths of the canals at Sault Ste. Marie and in the St. Lawrence seaway, and which slips are they (e.g. Saskatchewan pool No. 8)?

Mr. Pickersgill: 1. Based on the records from the water level gauge at Port Arthur, Ontario during the navigation season, April to November, inclusive, the highest and lowest water levels were:

	Highest feet	Lowest feet
1958	601.65	599.27
1959	601.99	599.20
1960	601.92	599.30
1961	601.21	599.46
1962	601.29	599.14

The soundings in this harbour are reduced to a chart datum of 600.0 feet.

2. No. These are private slips and the depths of water in them are the responsibility of the owners or operators of the adjacent elevators.

EMERGENCY RADIO EQUIPMENT IN PLANES IN NORTH

Question No. 598—**Mr. Rheaume:**

1. What emergency radio equipment is required, by law or regulation, aboard aircraft making VFR and IFR flights in the N.W.T. and the Yukon?

2. What is the retail cost to the operator of such equipment at current prices?

3. Do all D.O.T. aircraft flying in the N.W.T. and Yukon carry SARAH emergency radios?

4. Has the Department of Transport a program whereby SARAH could be made available at cost on a token rental basis to all air line operators in the N.W.T. and Yukon and, if not, will the minister look into the merits of such a program?

Mr. Cantin: 1. In accordance with air navigation order, series V, No. 12 aircraft operated in the sparsely settled areas of Canada, which include the N.W.T. and the Yukon, are required to carry either,

Questions

(a) radio equipment capable of two way communication with a ground station in the area where the aircraft is operated; or

(b) a portable emergency transmitter capable of:

(i) operation on the ground independent of the aircraft battery

(ii) transmitting on a distress frequency or a frequency used by the Royal Canadian Air Force for search and rescue purposes, and

(iii) maintaining output in both summer and winter temperatures.

The requirements of the order, do not apply to flights conducted:

(a) within 25 miles of an airport or operational base; or

(b) in a multi-engine aircraft within controlled air space or along designated air routes.

Also single engined aircraft operating north of a line commencing at latitude 68°-00′ north, longitude 136°-00′ west; thence to Churchill, Manitoba; thence to latitude 58°-42′ north, longitude 63°-00′ west (this includes the greater portion of the N.W.T. and the Arctic archipelago) are by information circular directed to carry a portable emergency transmitter.

2. The retail cost of the portable emergency transmitter known by the trade name of SARAH is between $200 and $350 depending on the type of unit; this price does not include batteries. Batteries for this equipment cost $60 to $70 and must be replaced at least every 6 months (shelf life being 6 months).

3. Yes.

4. The Department of Transport does not have a program such as described in the inquiry. The department is, however, using every means at its disposal to encourage the development of such equipment, including the development of an automatically activated unit known as the crash position indicator. The department does not propose to enter into the distribution of emergency equipment, leaving such activity to commercial enterprise. It is noted that at least one commercial organization supplies SARAH equipment on a rental basis.

SPECIAL ASSISTANT TO MINISTER OF JUSTICE

Question No. 605—**Mr. Fisher:**

1. Has the Minister of Justice and Attorney General taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

[Mr. Cantin.]

Mr. Macdonald: 1. Yes, two special assistants. Mr. Raymond G. Denis, age: 30. Place of birth: Joliette, P.Q.; initial and present salary, $9,000.

Educational institutions: ecole Baby, Joliette, P.Q., ecole Superieure, St. Viateur, P.Q., College of Montreal and University of Montreal.

Educational qualifications: bachelor of arts, College of Montreal; licentiate in law, University of Montreal.

Business experience: Partner in law firm of Trahan, Trudell & Denis, Montreal, 1958 to 1961; junior member of Geoffrion & Prud'homme, Montreal, 1961 to 1963.

Mr. Guy Lord; age: 24; place of birth, Cranbourne, Dorchester county, Quebec; initial and present salary—$8,000.

Educational institutions: Elementary school, Cranbourne, Quebec; high school, St. Georges de Beauce, Quebec; College of Montreal and University of Montreal.

Educational qualifications: bachelor of arts, College of Montreal; licentiate in law, University of Montreal.

2. While services required.

3. Ability and experience.

SPECIAL ASSISTANT TO SECRETARY OF STATE

Question No. 607—**Mr. Fisher:**

1. Has the Secretary of State of Canada taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the Secretary of State of Canada and/or what engagement in length of time was given to the assistant by the Secretary of State of Canada?

3. In brief, what particular qualities of this assistant led the Secretary of State of Canada to engage him?

Mr. Pickersgill: 1. Yes. Executive assistant; name: Mr. Alistair Fraser. Age: 40 years. Place of birth: Toronto, Ontario.

Institutions of education: public, private and high schools; McGill University, 1941-42, 1945-47, B.A.; University of British Columbia, 1947-50, LL.B.

Experience: Engaged in the practice of law 1950-51; executive assistant to the Minister of Fisheries, 1952-57—Canadian commissioner, international whaling commission, London, 1956. Engaged in the practice of law, 1957-59; executive assistant to the leader of the opposition in the Senate, 1959-63; executive assistant to the Secretary of State 1963—

Initial and present salary: Initial—$6,360 per annum; present—$12,000 yer annum.

2. As long as services are required.

3. This should follow obviously from his record of education and experience.

BANK OF CANADA BUILDING, VANCOUVER

Question No. 617—**Mr. Patterson:**

1. Does the Bank of Canada intend to erect a building at the junction of Hornby and Hastings streets, Vancouver, and, if so, when, and what is the intended floor area of the building?

2. What area of floor space is used in the city of Vancouver at the present time by the Bank of Canada?

3. What are the intentions of the bank in respect to any surplus floor space there may be in this building?

Mr. Benson: 1, 2 and 3. These matters are the responsibility of the board of directors of the Bank of Canada. In March 1962 a statement was issued giving background information regarding the proposed construction of a building in Vancouver. This statement is available from the bank on request. On May 7, 1963, it was announced that the board had decided to proceed with the building and that it was expected that work would be well under way by next winter.

SPECIAL ASSISTANT TO TRANSPORT MINISTER

Question No. 624—**Mr. Fisher:**

1. Has the Minister of Transport taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Cantin: 1. (i) Seconded from department—

J. Edward Devine, special assistant; age 50; born Ottawa; primary and secretarial schooling in Ottawa; bachelor of arts degree and master of arts course, University of Ottawa; employed in department since 1938 on administration and legislative duties; considerable experience on interdepartmental and intergovernmental committees, liaison with other departments and assisting offices of various ministers of transport; latter ten years as executive assistant to several deputy ministers; initial salary $900, present $11,800.

Length of engagement—indefinite.

Qualities—Unusually wide knowledge, gained in 25 years experience, of specific legislative and operational responsibilities of department toward the public and parliament, as well as general familiarity with functions of the several associated boards and agencies.

(ii) Appointed—

Louis Marcel Joyal, executive assistant, age 38; born Haileybury, Ontario; bachelor of arts (honours), University of Ottawa, 1943; bachelor of civil law, McGill University, 1948; member of the bar of Quebec since July 1948; member of the Law Society of Upper Canada since September 1949; formerly senior partner with McDonald, Joyal, Fogarty and Mills, barristers, at Ottawa, Montreal and Toronto; latterly setting up his own office at Ottawa where he has conducted a practice involving corporation law, litigation, parliamentary and departmental agency; appointed at present salary of $11,000 per annum.

Length of engagement—at pleasure of governor in council.

Qualities—Extensive training and experience in the fields of both civil and common law; active participation over many years in public affairs with special attention to the field of public law; proven executive ability and adaptability.

SPECIAL ASSISTANT TO NORTHERN AFFAIRS MINISTER

Question No. 626—**Mr. Fisher:**

1. Has the Minister of Northern Affairs and National Resources taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Laing: 1. Mr. Jacob Austin has been appointed executive assistant to the Minister of Northern Affairs and National Resources.

Mr. Austin's age is 31 and his place of birth is Calgary, Alberta.

Mr. Austin received his senior matriculation at Crescent Heights high school, Calgary; B.A. (history and economics) University of British Columbia, 1954; LL.B. University of British Columbia, 1955; LL.M. (international law), Harvard, 1957.

During academic year September 1962 to January 1963, Mr. Austin attended the University of California, at Berkeley, and engaged in studies in a doctoral program leading to the J.S.D. degree with the specific field of studies being in international law.

Previous experience: Engaged as lecturer in law at University of British Columbia in academic years 1955-56 and 1957-58. Engaged in practice of law in Vancouver, B.C., June 1957 to May 14, 1963, as a partner in the law firm of Nemetz, Austin, Christie and Bruk. During the course of legal practice, Mr. Austin has had considerable business experience.

Salary: $15,000 per annum.

2. Mr. Austin has undertaken to serve the Minister of Northern Affairs and National Resources at least until December 31, 1963.

3. His experience and competence.

SPECIAL ASSISTANT TO TRADE AND COMMERCE MINISTER

Question No. 628—**Mr. Fisher:**

1. Has the Minister of Trade and Commerce taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Pepin: 1. Yes; executive assistant.

Michael Joseph McCabe, 25 years 5 months, Toronto, Ontario.

Lower school—St. Joseph's school, Hamilton.

High school—Cathedral high school, Hamilton.

University—University of Toronto. (B.A.)

Business experience—Lever Brothers Ltd., brand manager—Oct./59—Dec./61. Ontario Liberal assoc.—public relations director—Dec./61—July/62. Liberal party of Canada—public relations director—July/62—Apr./63.

$9,000—$9,000.

2. No undertaking was given by either the minister or the executive assistant as to the length of time to be served by the assistant.

3. He is capable of performing the duties required of an executive assistant.

SPECIAL ASSISTANT TO DEFENCE MINISTER

Question No. 629—**Mr. Fisher:**

1. Has the Minister of National Defence taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the Minister of National Defence and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Hellyer: 1. Yes, Group Captain William M. Lee, R.C.A.F. Age: 39. Place of birth: Hamilton, Ontario.

Group Captain Lee joined the R.C.A.F. on graduation from high school in Hamilton and has made the air force his career since. He took service courses at McGill University, Victoriaville, P.Q. and Malton, Ontario, to graduate as a navigator and fly with the R.A.F. 45 group on operations to North Africa, the Middle East, India and Australia. After the war he attended the R.C.A.F.'s officers' administration school in Toronto where he remained after graduation as an instructor. Group Captain Lee subsequently was posted at Ottawa as a public relations officer at air force headquarters. In October 1954, he was named to head the public relations organization of the R.C.A.F.'s NATO air division with headquarters in Metz, France where he remained until appointed director of R.C.A.F. public relations in July, 1958. In May 1963, he was appointed Canadian government chief public relations officer for the NATO ministerial meeting held in Ottawa.

As an R.C.A.F. group captain, he receives the salary of $13,248 annually.

2. No length of time specified.

3. His experience and knowledge.

SPECIAL ASSISTANT TO FINANCE MINISER

Question No. 630—**Mr. Fisher:**

1. Has the Minister of Finance and Receiver General taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Benson: 1. Yes; executive assistant: Reginald Brian Land, age 35. Place of birth: Niagara Falls, Ontario. Educational institutions: Grimsby public school, Grimsby high school, Grimsby, Ont. Vaughan Road collegiate institute and Oakwood collegiate institute, Toronto, Ont. University of Toronto: bachelor of arts, political science and economics, 1949; bachelor of library science, 1953; master of library science, 1956; completed course requirements for master of arts in political science, 1959-61. Business experience: T. Eaton Co. Ltd., Toronto, mail order advertising, copy editor, 1950-51. *Canadian Business,* Montreal: assistant editor, 1957-58; associate editor, 1958-1959. Library experience: Toronto public library, reference librarian 1953-1955; University of Toronto library, catalogue librarian 1955-56; Windsor public library, head of the business and industry division, 1956-57; University of Toronto library, assistant chief librarian, 1959-63; associate librarian, 1963. Salary, $12,000.

2. While services required by the minister.

3. Background and experience.

SPECIAL ASSISTANT TO SOLICITOR GENERAL

Question No. 632—**Mr. Fisher:**

1. Has the Solicitor General taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the Solicitor General and/or what engagement in length of time was given to the assistant by the Solicitor General?

3. In brief, what particular qualities of this assistant led the Solicitor General to engage him?

Mr. MacNaught: 1. Yes; executive assistant: Mr. James P. MacInnis, age 68. Place of birth: Boston, Massachusetts, U.S.A.

Educational institutions: public school, Charlottetown, P.E.I., commercial college, Charlottetown, P.E.I.

Business experience: three years as reporter, Charlottetown *Examiner*; 18 years as reporter, Charlottetown *Guardian*; three years as advertising solicitor and advertising manager, Quebec *Chronicle*; eight years as editor and managing editor, Summerside *Pioneer* and *The Island Examiner*; 12 years as educational director and executive secretary, Prince Edward Island division of Canadian Cancer Society; two years with Mutual of Omaha Insurance Company; three years with Occidental Life Insurance Company.

Salary: present $7,500.

2. While services required.

3. Ability and experience.

SPECIAL ASSISTANT TO HEALTH AND WELFARE MINISTER

Question No. 633—**Mr. Fisher:**

1. Has the Minister of National Health and Welfare taken an executive or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Haidasz: 1. Yes; executive assistant. John Kenneth Macbeth, 42.

Detroit, Michigan.

Two years university (Queen's University and University of Michigan).

15 years in newspaper business, five years as Associated Press correspondent in the United States and the Far East, one year parliamentary reporter for Canadian Press, other assignments in Africa, Middle East, Europe.

$12,000.

2. On good behaviour.

3. Quick intelligence, diligence, rapid and fluent speech writer, knowledge of the press, loyalty.

SPECIAL ASSISTANT TO VETERANS AFFAIRS MINISTER

Question No. 634—**Mr. Fisher:**

1. Has the Minister of Veterans Affairs taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Carter: 1. The Minister of Veterans Affairs has taken Mr. Peter B. Curd on his staff as executive assistant. Mr. Curd is 38 years of age. He was born and educated in Winnipeg and in 1949 obtained the degree of bachelor of commerce from the University of Manitoba. From 1949 to 1950 he was employed by the Hudson's Bay Company. In 1950 he joined the Manitoba department of industry and commerce where he later became assistant to the economic advisor. In 1954 he joined the Winnipeg and Central Gas Company as a market research analyst. In 1957 he became an executive of the Sovereign Life Assurance Company in Winnipeg. Mr. Curd's initial salary as executive assistant to the minister was $10,000 a year which is his salary at the present time.

2. Mr. Curd has given no undertaking to serve the minister for a specified length of time nor has the minister engaged Mr. Curd for a specified length of time.

3. The particular qualities which led the minister to engage Mr. Curd were his experience in the forces from 1943 to 1945 during world war II, his educational background and his business and provincial civil service experience.

SPECIAL ASSISTANT TO DEFENCE PRODUCTION MINISTER

Question No. 635—**Mr. Fisher:**

1. Has the Minister of Defence Production taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Questions

Mr. Drury: 1. Yes; executive assistant: Frederic M. Wanklyn. Age: 24. Place of birth: Nassau, Bahamas.

Educational institutions: Bishop's College school—senior matriculation. Princeton University—A.B. economics—political science.

Business experience: Webb and Knapp (Canada) Ltd., 2 years training program, leasing agent.

Salary: $9,000 initially, $10,000 presently.

2. While services required.

3. An appropriate combination of education, business experience, age, intellectual capacity and energy.

SPECIAL ASSISTANT TO CITIZENSHIP AND IMMIGRATION MINISTER

Question No. 636—**Mr. Fisher:**

1. Has the Minister of Citizenship and Immigration taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Munro: 1. Yes; executive assistant; André Jean Letendre; 32; Sherbrooke, P.Q.

B.A. (Université de Montréal), Law (Université Laval), graduate in library science (Université de Montréal), post graduate studies in economics (McGill University).

Publicity director Le Crédit Immobilier, Inc., Le Crédit Notre-Dame, Inc., Montreal; co-owner of Letendre et Désy; $12,000 per annum.

2. For as long as his services may be required.

3. His ability, experience and trustworthiness.

SPECIAL ASSISTANT TO NATIONAL REVENUE MINISTER

Question No. 637—**Mr. Fisher:**

1. Has the Minister of National Revenue taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Garland: 1. Executive assistant, Mr. R. N. Handy; age, 40; place of birth, Edmonton, Alberta; education, High School, Vancouver, B.C.; experience, one year, bookkeeper, Snap-On Tools of Canada Ltd., Vancouver, B.C., six years; Canadian army, overseas, eighteen years; Customs and Excise division of Dept. of National Revenue (customs-excise officer to administrative officer). Initial salary, 1945, $1,200 per annum; present, $9,000 per annum.

2. Length of time not specified.

3. A comprehensive knowledge of customs and excise operations gained through progressive experience in various offices; and a good performance record during which administrative ability has been demonstrated.

SPECIAL ASSISTANT TO ASSOCIATE DEFENCE MINISTER

Question No. 638—**Mr. Fisher:**

1. Has the Associate Minister of National Defence taken an executive assistant or a special assistant on staff and, if so, what is this person's age, name, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Cardin: 1. Yes, an executive assistant; name: Mr. J. L. Gendron, Age: 47 years. Place of birth: Ste Marie Beauce, P.Q.

Institutions of education: University of Ottawa, B.A., M.A.; College International "Angelico" Rome, B.Ph.

Experience: Gaspesia Sulphite Co. Ltd., laboratory assistant, 1937-38; Ottawa University, lecturer, 1939-40; Post Office Department, examiner, 1939-40; Secretary of State, translator, 1940; public printing and stationery, proofreader, 1942; Department of Munitions and Supply, translator, 1942-45, Secretary of State, translator, 1945-52; Post Office Department, executive assistant to Postmaster General, 1952-57; and chief clerk, 1957-63.

Initial salary $1,560 (in 1942)—present salary $9,000.

2. No length of time specified.

3. His experience and knowledge.

SPECIAL ASSISTANT TO PUBLIC WORKS MINISTER

Question No. 640—**Mr. Fisher:**

1. Has the Minister of Public Works taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Badanai: 1. Yes, Gerard Legare, B.A., executive assistant, was born on July 11, 1909, at Chicoutimi, Que. He was educated at the Rimouski seminary, Rimouski, Que., and at St. Joseph University, Halifax, N.S.

Elected to the House of Commons for Rimouski constituency at g.e. 1953, 1957 and 1962. President of General Printing Ltd. since 1942, past editor of two weekly newspapers: *L'Echo du Bas St. Laurent* and *La Voix de Matane*. Editor of *Le Pêcheur Canadien*. President of the Canadian Weekly Newspapers Association (1954); president of the junior chamber of commerce federation (1939); churchworker, Rimouski, (1950-53). Salary: $12,000.

2. Full time and as long as the minister wishes.

3. This is a ministerial appointment. It is left to the minister to judge the competence and qualifications required in connection with the appointment of his executive assistant.

SPECIAL ASSISTANT TO FISHERIES MINISTER

Question No. 641—**Mr. Fisher:**

1. Has the Minister of Fisheries taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Robichaud: 1. Yes; executive assistant: Mr. J. Roger Roy. Age: 22. Place of birth: Petit Rocher, N.B.

Educational institutions: Regional school, Petit Rocher (primary and high), Sacred Heart University, Bathurst, N.B.

Educational qualifications: Bachelor of arts.

Government experience: Nil.

Business experience: June-September, 1956, teller, Bank of Montreal, Bathurst, N.B.; August 1959-September 1960, McLean & Marler, Montreal, clerical; September 1960-September 1962, radio station duties, Bathurst, N.B.; September 1961-May 1963, professor, Sacred Heart University.

Salary: Initial $9,000; present, $9,000.

2. While services required.

3. Satisfactory to minister.

SPECIAL ASSISTANT TO MINISTER WITHOUT PORTFOLIO

Question No. 642—**Mr. Fisher:**

1. Has the Minister without Portfolio taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Tremblay: 1. No.

2. N.A.

3. N.A.

SPECIAL ASSISTANT TO AGRICULTURE MINISTER

Question No. 643—**Mr. Fisher:**

1. Has the Minister of Agriculture taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?

3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Beer: 1. Yes; executive assistant: D. F. McIntosh; 44. Place of birth: Parkside, Saskatchewan; educational institutions: public school, high school; diploma course, dairy manufacturing, University of Manitoba, Winnipeg. Business experience: 10 years experience in dairy industry; Prince Albert Creamery Company, Prince Albert, Sask., United Dairies, Calgary, Alberta; various positions; 15 years general business experience; Grand Union of Coleman Company Ltd., Calgary, Alta., Ranchman's Hotel Company, Calgary, Alta.; administrative, managerial and executive positions; 15 years public service in civic government, Calgary, Alta.; $9,000.

2. While services required.

3. Ability and experience.

T.C.A. "TEST HOUSE", WINNIPEG

Question No. 646—**Mr. Fisher:**

1. Has T.C.A. had a test house at Winnipeg and, if so, does it still own it?

2. Has T.C.A. been negotiating for sale of this facility and, if so, with whom, why, and for what consideration?

3. If disposal was or is planned, is it an aspect of T.C.A. plans to concentrate overhaul facilities in Montreal?

Mr. Cantin: 1. Yes, twin engine test cells.

2. No.

3. No.

INDUSTRIAL DEVELOPMENT BANK ACT—PROPOSALS RESPECTING ESTATES

Question No. 648—**Mr. Lambert:**

1. Have any effective proposals been made under provisions of section 15, subsection (1) (a) of the Industrial Development Bank Act and related sections by persons who are beneficiaries in the estate of a deceased person, who at the time of his or her death was the owner of substantial property either real or personal, in order to lessen the effect of a forced sale of such assets in order to pay any estate tax leviable with respect to such assets and payable within the terms of the Estate Tax Act?

2. If so, how many such proposals have been made to date and, as far as may be ascertained, have these resulted in the preservation of Canadian ownership of assets which otherwise would have passed to foreign ownership?

Mr. Benson: 1 and 2. Many of the loans made by the industrial and development bank have been to businesses under second or third generation ownership in order to assist in the growth or consolidation of such businesses. It is not possible to be certain in how many of these cases forced sale of the business would have been deemed necessary if financing had not been available from the industrial development bank.

*AMOUNT OF MILK SUBSIDY

Question No. 664—**Mr. Ricard:**

On the basis of the production of milk for the fiscal year 1962-63, what will be the estimated amount paid out to farmers during the fiscal year 1963-64 as a result of the 14½ cent subsidy per pound of butterfat?

Mr. Hays: On the basis of the production of milk for the fiscal year 1962-63, it is estimated that $40,000,000 will be paid out to farmers during the fiscal year 1963-64 as a result of the 14½ cents subsidy per pound of butterfat.

C.M.H.C. SOLICITORS, NORTHERN ALBERTA

Question No. 673—**Mr. Lambert:**

1. What solicitors or firms of solicitors, and at what addresses, have been appointed as solicitors for Central Mortgage and Housing Corporation for that area of the province of Alberta north of the city of Red Deer, excluding the city of Edmonton?

2. What were the dates of such appointments?

3. On whose recommendation were such firms appointed?

Mr. Garland: 1, 2 and 3. The Minister of Justice provides legal services to Central Mortgage and Housing Corporation, including the provision of qualified and competent legal agents to perform locally required legal work. Assignments are made as legal services are required from time to time. In order to avoid loss of time to the public, occasionally names of legal agents are submitted in advance to the corporation as its requirements are on a daily basis.

C.M.H.C. SOLICITORS, EDMONTON, ALTA.

Question No. 674—**Mr. Lambert:**

1. What solicitors or firms of solicitors, and at what addresses, have been appointed as solicitors for Central Mortgage and Housing Corporation in Edmonton, Alberta, since April 22, 1963?

2. What were the dates of such appointments?

3. On whose recommendation were such firms appointed?

Mr. Garland: 1, 2 and 3. The Minister of Justice provides legal services to Central Mortgage and Housing Corporation, including the provision of qualified and competent legal agents to perform locally required legal work. Assignments are made as legal services are required from time to time. In order to avoid loss of time to the public, occasionally names of legal agents are submitted in advance to the corporation as its requirements are on a daily basis.

F.B.I. INVESTIGATION OF CANADIANS AT OXFORD, ENGLAND

Question No. 678—**Mr. Howard:**

1. Since January 1, 1963, has the government received any reports of investigations by the federal bureau of investigations of the United States of America or any other so-called United States intelligence agencies into the activities or politics of any person of Canadian citizenship attending the Queen's College at Oxford in the United Kingdom?

2. If so (a) by whom were the investigations conducted (b) was any protest made by the government of Canada to the government of the United States and what form did these protests take (c) are any steps being taken to prevent a recurrence of any such activities and what are the details surrounding any such steps?

Mr. Stewart: 1. No.

2. Not applicable.

RECOMMENDATIONS OF JOINT COMMITTEE ON INDIAN AFFAIRS

Question No. 686—**Mr. Howard:**

What action, in detail, has been taken with respect to each of the following recommendations of the joint committee of the Senate and the House of Commons on Indian affairs:

"(a) Indian and non-Indian children who are legally adopted should assume the status of their adoptive parents.

(b) The status and membership rights of illegitimate children should conform, where possible, to provincial laws.

(c) The term "enfranchisement" should be deleted from the act.

(d) Indian women who marry non-Indians should not receive a per capita share of band funds for a period of five years, but retain the right to return to their reserve in the intervening period"?

Mr. Munro: (a) (b) (c) and (d) The implementation of these recommendations involves

legislation and is being considered in connection with a review of the Indian Act for possible amendment.

RECOMMENDATIONS OF JOINT COMMITTEE ON INDIAN AFFAIRS

Question No. 687—**Mr. Howard:**

What action, in detail, has been taken with respect to each of the following recommendations of the joint committee of the Senate and the House of Commons on Indian affairs:

"(a) The Indian Act should be amended to formally recognize lawful possession of land held by an Indian for 20 years and also to permit band councils to allocate land on a conditional basis.

(b) Designated band councils should be authorized to issue leases of reserve land for a period not exceeding five years without a surrender and/or approval of the minister.

(c) The Indian affairs branch should withdraw from the management of lands held by an individual Indian who should be enabled to lease his land himself for designated purposes.

(d) The Indian Act should be amended to clearly indicate the word "surrender" is confined to sale of land.

(e) As the present provisions of section 88 of the act bar many Indians from ordinary sources of credit, the section should be amended to permit individual Indians to waive the protection afforded as regards their personal property; and band revenue funds should be subject to attachment in respect of judgments for damages and unfulfilled contracts"?

Mr. Munro: (a) (b) (c) (d) (e) The implementation of these recommendations involves legislation and is being considered in connection with a review of the Indian Act for possible amendment.

RECOMMENDATIONS OF JOINT COMMITTEE ON INDIAN AFFAIRS

Question No. 689—**Mr. Howard:**

What action, in detail, has been taken with respect to each of the following recommendations of the joint committee of the Senate and the House of Commons on Indian affairs:

"(a) Greater responsibility should be placed upon Indian bands in matters of credit.

(b) Band councils should be enabled to take adequate security on loans with the right to foreclose in case of default.

(c) Where a band does not have sufficient funds for loaning purposes, a system of making secured loans to bands for re-loan to band members should be instituted.

(d) An appropriate penalty should be provided in the Indian Act for misuse of band funds by band councils"?

Mr. Munro: (a) (b) (c) and (d). The implementation of these recommendations involves legislation and is being considered in connection with a review of the Indian Act for possible amendment.

COMMITTEE RECOMMENDATION RESPECTING INDIAN CLAIMS COMMISSION

Question No. 694—**Mr. Howard:**

What action, in detail, has been taken with respect to the following recommendation of the joint committee of the Senate and the House of Commons on Indian affairs: "An Indian claims commission should be established to hear the British Columbia and Oka Indian land questions and other matters, and that the cost of counsel to Indians for the two land questions specified above, be borne by the federal treasury."?

Mr. Munro: As indicated in the house previously, the question of what method might be used for the settlement of the claims of Indians is one of government policy and will be announced in due course.

*LOANS TO CHARTERED BANKS BY BANK OF CANADA

Question No. 696—**Mr. Côté (Chicoutimi):**

What is the amount of the loans or credit advances made by the Bank of Canada to chartered or commercial banks from 1954 to date?

Mr. Gordon: The Bank of Canada statement of assets and liabilities which is published as of each Wednesday and each month end shows the amount of Bank of Canada advances outstanding, if any, to chartered and savings banks.

*APPOINTMENTS TO FINANCE DEPARTMENT BY ORDER IN COUNCIL

Question No. 697—**Mr. Martineau:**

1. What are the names of the persons who were appointed by order in council to senior positions in the Department of Finance since April 21, 1963?

2. What are, in each case, the date of appointment and the order in council number?

Mr. Gordon: 1. Mr. R. B. Bryce.

2. P.C. 1963-797 of May 23, 1963, to take effect on July 1, 1963.

(Translation):

*ST. PIE DE BAGOT, QUE.—CONSTRUCTION OF PENITENTIARY

Question No. 698—**Mr. Ricard:**

Is the St. Pie de Bagot penitentiary included in the institutions which the Minister of Justice stated on June 13 last were recommended for consideration by the treasury board in 1961, and, if so, during which financial year was it decided to begin construction?

Mr. Macdonald: Mr. Speaker, the reply is as follows:

An institution for young criminals at St. Pie de Bagot was included in those recommended to the treasury board in 1961. Construction was to start during the 1962-63 fiscal year.

The riots at the St. Vincent de Paul penitentiary indicated that it was more urgent to build a special detention unit and a maximum security institution than the planned institution for young criminals, and the building program had to be slightly modified.

In order to facilitate access to these institutions from the St. Vincent de Paul penitentiary, it was deemed necessary to build them on the north shore of the St. Lawrence and steps were initiated to acquire an appropriate site.

(Text):

*NATIONAL NEWS BROADCAST, STATION CKOS, DAUPHIN

Question No. 701—**Mr. Forbes:**

1. Can the national news given in Winnipeg at 10 p.m. be extended to the Dauphin viewing audience over CKOS at the same time instead of at the present late hour of 1 a.m.

2. Are any changes contemplated in the present schedule?

Mr. Pickersgill: I am informed by the Canadian Broadcasting Corporation as follows:

1. No. Viewers in the Dauphin, Manitoba area receive television through a rebroadcasting station of CKOS-TV—Yorkton, Saskatchewan, situated at Baldy Mountain, Manitoba. The present pattern of delaying transmissions to stations in Saskatchewan and Alberta, designed to meet the time zone differential and the varying observance of daylight saving time, prevents an earlier transmission to the Yorkton station.

2. Yes. Facilities are now being established in Winnipeg which will enable Saskatchewan stations to receive network transmissions at an earlier hour. However, these facilities will not be ready for use until this autumn.

COST OF SECURITY SERVICES

Question No. 703—**Mr. Fisher:**

1. Has the government an estimate or a hard figure of what it cost for security services in the last three fiscal years and an estimate of the costs in the coming year?

2. Has the government any comparison in this field of its costs on a per capita population basis or in any other comparable way with the costs for such services that fall at the present time upon the governments of Great Britain and the United States in operating M.I. 6 and the central intelligence agency?

Mr. Davis: 1. It is not considered in the public interest to publish the figures requested in this question.

2. The governments of the United Kingdom and United States do not publish figures on which a comparison could be made.

OLD AGE SECURITY PENSION, B.C.

Question No. 749—**Mr. Douglas:**

1. Does the federal government, under the terms of the Unemployment Assistance Act, pay part of the supplementary allowance authorized by the government of British Columbia to the old age security pension?

2. If so (a) what percentage, and up to what amount is paid by the federal government (b) what amount of liquid assets may a single person or married couple in receipt of the supplementary allowance have?

3. Has the permissible amount of liquid assets changed recently and, if so (a) what was the previous permissible amount of liquid assets (b) what part did the federal government play in the change in the permissible amount?

Mr. Haidasz: 1. Yes.

2. (a) The federal government, under the terms of the Unemployment Assistance Act, pays 50 per cent of assistance costs. However these exclude certain specified costs, including health costs and costs by way of mothers' allowances which are deducted on a formula basis.

No ceiling is placed by the federal government on assistance payments under the Unemployment Assistance Act. In the case of additional assistance payments to persons such as those in receipt of old age security pensions, the federal government shares in payments to the extent that they are made on the basis of a test of need which takes into consideration the applicant's requirements for food, shelter and other items, as well as his financial resources. Available information in the Department of National Health and Welfare indicates that the provincial ceiling on supplementary social allowances in British Columbia is $24. The federal government will share on the above mentioned basis in this amount or to any higher level determined by a province as necessary to meet need.

(b) The federal legislation does not set limits on the liquid assets of recipients of payments shareable under the Unemployment Assistance Act. Departmental information is that under the provincial regulations a single recipient may have liquid assets of up to $500 and a married couple may have assets of up to $1,000.

3. (a) Information within the department is that the permissible amounts of liquid assets previously set out in provincial regulations were $1,000 for a single person and $2,000 for married couples. The changes referred to were made on January 1, 1962.

(b) As a result of provincial requests for federal sharing in the cost of supplementary social allowances, discussions between federal and provincial officials were held in 1960 and 1961. These discussions covered all phases of the program, but were primarily related to its conversion from a means test to a needs test basis. This was required to make the payments shareable under the Unemployment Assistance Act which permits sharing in additional relief payments but not in supplemental allowances or cost of living bonuses. While the limits were reduced by the province following the above discussions,

asset limits are set at the discretion of the provincial governments and vary from province to province.

TRANS-CANADA HIGHWAY COST, LEVIS TO ST. HYACINTHE, QUE.

Question No. 752—**Mr. Coates:**

1. What is the estimated cost of constructing the trans-Canada highway from Levis, Quebec, to St. Hyacinthe, Quebec?

2. What is the estimated share of this project to be borne by the federal government?

Mr. Badanai: 1. $55,600,000.

2. $23,000,000, which is less than the normal 50 per cent for the federal share because the province is constructing a multi-lane highway between Levis and St. Hyacinthe, and federal participation is limited to a two lane highway.

SALE OF OLD POST OFFICE, PETROLIA, ONT.

Question No. 753—**Mr. McCutcheon:**

Has the old post office in Petrolia, Ontario, been sold and, if so (a) how many bids were received (b) what was the sale price (c) who were the bidders (d) who is the purchaser?

Mr. Drury: The post office in Petrolia, Ontario, has not been sold and parts (a) (b) (c) and (d) are consequently not applicable.

MOVEMENT OF FEED GRAIN IN B.C.

Question No. 754—**Mr. Willoughby:**

How much of the 164,270 tons of feed grain moved under the freight assistance policy to feeders in British Columbia in the year 1961-62 was transported over (a) Pacific Great Eastern (b) Canadian National Railways (c) Canadian Pacific Railway?

Mr. Hays: Under the freight assistance policy, the payments are not made by the government to the carrier, but rather to the purchaser through feed dealers, thus data by carrier is not available.

SUBSIDY ON FEED GRAIN, B.C.

Question No. 755—**Mr. Willoughby:**

Has any request been received from the government of British Columbia or B.C. farm organizations requesting an increase in the subsidies on feed grain from Alberta, and Kootenay areas of British Columbia, to south central British Columbia and the Fraser valley?

Mr. Hays: Requests for increased subsidy have been received from time to time but there have been no recent requests direct from the British Columbia government or from British Columbia farm organizations.

INTERNATIONAL DRIVING PERMITS

Question No. 760—**Mr. Mather:**

How many provinces have accepted the United Nations 1949 convention road traffic regulation respecting international driving permits?

Mr. Stewart: Nine provinces.

EFFECTS OF FLUORIDATED DRINKING WATER

Question No. 761—**Mr. Mather:**

Has the Department of National Health and Welfare conducted or assisted in any research or studies relating to the effects of fluoridated drinking water on children's teeth and, if so (a) were conclusive results obtained (b) were the effects found to be beneficial (c) were the results widely publicized?

Mr. Haidasz: Yes. The Department of National Health and Welfare studied the dental effects of mechanically fluoridated water at Brantford and naturally fluoridated water at Stratford during a period of 15 years.

(a) Yes.

(b) The results were beneficial. Water either mechanically or naturally fluoridated to a level of about one part per million was found to reduce the occurrence of tooth decay by about two thirds in people drinking it regularly from birth. No ill effects were observed.

(c) The results were widely publicized through departmental reports, press releases, and articles in professional and scientific journals.

*ALBERT BOUDREAU, CAPE BRETON NATIONAL PARK

Question No. 762—**Mr. Muir (Cape Breton North and Victoria):**

1. Has Mr. Albert Boudreau of Point Cross, Inverness county, been a seasonal employee at the C.B.H. national park for the past five years?

2. If so, has he been re-employed this season and, if not, for what reason has his employment been discontinued?

3. Is this man a veteran, and has he been contributing to superannuation?

Mr. Laing: 1. Yes.

2. No. His term of seasonal employment ran out at the end of November, 1962.

3. Yes. He has not been contributing to superannuation but he was a contributor to the retirement fund after July, 1960.

INCLUSION OF INDIAN AMONG WORLD FAIR DIRECTORS

Question No. 765—**Mr. Howard:**

1. In the selection of the board of directors of the world's fair, was any consideration given to giving representation to people of native Indian ancestry?

2. What reason, if any, exists for excluding people of native Indian ancestry from the board of directors?

3. Will the first vacancy on the said board be filled by a person of such Indian ancestry?

Mr. Badanai: 1. The selection was made by the former government and hence we have no knowledge of any considerations given to such representation.

2. Answered by No. 1.

3. This will be given consideration at such time as a vacancy occurs.

Questions

CHEMICAL AND BIOLOGICAL WARFARE RESEARCH

Question No. 768—**Mr. Howe (Hamilton South):**

1. In which defence research board installations in Canada is chemical and/or biological warfare research being conducted?
2. How much has been spent on such research at each of these installations (a) in the last year (b) in the last five years?

Mr. Hellyer: 1. Research into the defensive aspects of chemical and/or biological warfare is conducted at the Suffield experimental station, and defence research chemical laboratories.

2. For security reasons the information regarding the cost of these operations cannot be divulged in greater detail than in the estimates.

FARM MACHINERY IMPORTS AND EXPORTS

Question No. 769—**Mr. Smith:**

1. What was the dollar value of farm machinery exported from Canada to the United States in each of the years 1944 to 1962 inclusive?
2. What was the dollar value of farm machinery imported into Canada from the United States in each of the years 1944 to 1962 inclusive?

Mr. Pepin: 1 and 2. The dollar value of farm machinery (including tractors) exported from Canada to the United States and imported into Canada from the United States in each of the years 1944 to 1962 inclusive:

Year	Exports to United States	Imports from United States
1944	$ 5,873,710	$ 40,531,512
1945	8,993,843	50,131,317
1946	14,460,350	67,785,398
1947	23,478,709	104,607,781
1948	50,575,122	137,447,899
1949	70,214,015	173,121,594
1950	70,660,697	152,582,068
1951	83,495,253	187,584,053
1952	83,724,608	190,138,696
1953	58,121,991	202,784,792
1954	53,297,955	137,025,990
1955	63,423,755	173,149,678
1956	55,600,423	226,799,727
1957	59,408,273	194,338,032
1958	90,327,153	189,966,370
1959	109,612,934	254,940,579
1960	79,634,440	210,216,143
1961	72,188,979	209,960,227
1962	77,518,386	228,149,775

UNEMPLOYMENT INSURANCE FUND

Question No. 770—**Mr. Howe (Hamilton South):**

1. What is the present financial state of the unemployment insurance fund?
2. What are its future prospects?

Mr. MacEachen: 1. The unemployment insurance fund at 31 May, 1963 stood at minus $37,181,721.58.

[Mr. Badanai.]

2. The fund can be expected to decline further until total contributions exceed total payments. This has likely occurred during the month of June.

NEWFOUNDLAND PROPOSAL RESPECTING FISHERIES POLICY

Question No. 771—**Mr. Lambert:**

1. Has the government completed its study of the proposals by the government of the province of Newfoundland with respect to a comprehensive national fisheries development policy as contained in a brief dated February 1963 and, if so, has a decision been arrived at with respect to the said proposals?
2. What is the estimated (a) initial cost (b) annual cost to the federal government under the said proposals as (i) made by the government of the province of Newfoundland (ii) modified, if at all, by the government of Canada?

Mr. Robichaud: 1. No.

2. Arrangements have been completed for joint detailed studies over the next several months, which will include consideration of costs.

CAPITAL GRANTS TO AGRICULTURAL EXHIBITIONS

Question No. 772—**Mr. Nesbitt:**

1. Have any capital grants been made to agricultural exhibitions since September 1, 1962, and, if so (a) how many grants have been made (b) what is the amount of each grant (c) what are the names of the agricultural exhibitions concerned?
2. Are such capital grants to agricultural exhibitions still under suspension?

Mr. Hays: 1. Yes.

(a) 34.

(b) Amounts	(c) Agricultural Exhibition
	Prince Edward Island
$ 1,022.56	Charlottetown Driving Park and Provincial Exhibition Association
	New Brunswick
$ 3,942.50	Miramichi Agricultural Exhibition Association—Chatham, N.B.
	Quebec
$ 7,287.11	Canada's Great Eastern Exhibition, Sherbrooke
$ 6,807.87	Société d'Agriculture du district de St. Hyacinthe
$ 10,742.90	La Commission du Terrain de l'Exposition, Trois-Rivières
$ 13,507.58	La Société d'Agriculture du Comté de Roberval
$ 14,398.50	Exposition Sainte Scholastique
$ 6,672.86	La Société d'Agriculture du Comté de Richelieu, Sorel
	Ontario
$167,232.69	Special grant—Royal Winter Fair, Toronto as detailed in Estimates
$ 8,764.92	Moore Agricultural Society—Brigden

1. (b) Amounts	(c) Agricultural Exhibition
	Ontario—cont.
$ 47,900.93	Hanover, Bentinck and Brant Agricultural Society—Hanover
$ 2,500.00	Leamington District Agricultural Society—Leamington
$ 12,559.96	Markham Fair—Markham
$ 7,750.00	Metcalfe Agricultural Society—Metcalfe
$ 662.72	Cumberland Township Agricultural Society—Navan
$ 1,572.98	Paris Agricultural Society—Paris
$ 3,029.81	Petrolia and Enniskillen Agricultural Society—Petrolia
$ 3,334.60	Woodstock Agricultural Society—Woodstock
$ 6,000.00	Kenyon Agricultural Society—Maxville
$ 13,535.93	Caledonia Agricultural Society—Caledonia
$ 717.50	Prince Edward County Agricultural Society—Picton
	Manitoba
$ 26,858.02	The Provincial Exhibition of Manitoba—Brandon
$ 4,105.37	Dufferin Agricultural Society—Carman
$ 2,930.83	Portage Industrial Exhibition—Portage la Prairie
$ 17,159.54	Virden Agricultural Society—Virden
	Saskatchewan
$ 100.80	Moose Jaw Exhibition Company—Moose Jaw
	Alberta
$ 902.34	Camrose Agricultural Society—Camrose
	British Columbia
$ 80,000.00	Major capital grant—exhibition grants regulations—Pacific National Exhibition—Vancouver
$116,000.00	Special grant as detailed in estimates
$ 1,676.18	Central Fraser Valley Fairs Association—Abbotsford
$ 1,513.45	Chilliwack Agricultural Association—Chilliwack
$ 24,212.74	Lower Fraser Valley Exhibition Association—Cloverdale
$ 3,279.60	Cowichan Agricultural and Industrial Exhibition—Duncan
$ 4,233.50	North and South Saanich Agricultural Society—Saanichton.

2. Yes, capital grants to exhibition associations to which commitments were not made prior to June 24, 1962 are under suspension.

MUSEUM BUILDING, LOWER FORT GARRY

Question No. 774—**Mr. Slogan:**

Has the Department of Northern Affairs and National Resources any plans for the construction of a museum building at lower Fort Garry, and, if so, (a) has a contract been awarded (b) who were the bidders, and what were the amounts (c) to whom was the contract awarded (d) will construction begin this summer?

Mr. Turner: (a) No. Tenders closed June 27, 1963.

(b) Tenders were received as follows:

Rodzen Construction Ltd., Winnipeg, Man., $135,794.00; A. W. Homme Ltd., Winnipeg, Man., $142,979.00; Kraft Construction Co. Ltd., Winnipeg, Man., $144,820.00; Commonwealth Construction Co. Ltd., Winnipeg, Man., $146,000.00; Wallace & Akins Limited, Winnipeg, Man., $154,370.00.

(c) The contract has not yet been awarded.

(d) Construction is planned for this summer.

CONSTRUCTION OF HOSPITAL, PINAWA, MAN.

Question No. 775—**Mr. Slogan:**

1. Have tenders been called and opened for the construction of a hospital at Pinawa, Manitoba, by Atomic Energy of Canada Limited and, if so (a) what are the names of the companies which tendered (b) what is the amount of each tender (c) was a contract let on the basis of these tenders and, if not, for what reason?

2. Is it the intention of A.E.C.L. to call new tenders for this project and, if so, when will work commence on this hospital this summer?

Mr. Drury: 1. (a) and (b) Tenders were called by Central Mortgage and Housing Corporation on behalf of Atomic Energy of Canada Limited, and the names of the companies which tendered and the amounts of each tender are as follows:

(i) Imperial Construction Limited, $653,691.

(ii) McAllister Contracting Co. Ltd., $658,-206.

(iii) Bird Construction Co. Ltd., $661,400.

(iv) Rowland Claydon & Co. Ltd. $676,999.

(v) Commonwealth Construction Co. Ltd., $677,377.

(vi) F. W. Sawatzky Ltd., $691,078.

(c) No; all bids exceeded the estimate on the project by amounts that indicated the desirability of a reappraisal.

2. Yes; C.M.H.C. will, on A.E.C.L.'s behalf, be calling for tenders at an early date and, provided a satisfactory tender is received, it is expected that work will commence this summer.

HOUSING ACCOMMODATION, R.C.A.F. STATION, BEAUSEJOUR, MAN.

Queston No. 782—**Mr. Slogan:**

1. Have any plans been made for the government to sponsor a housing project for servicemen at the R.C.A.F. station Beausejour, Manitoba, either on the base or elsewhere and, if so, what is the nature of the plan, and what is its estimated cost?

2. What plans does the government have to improve the accommodation of personnel at the R.C.A.F. base in Beausejour?

Questions

Mr. Cardin: 1 and 2. No approved plans have been made to sponsor a housing project, or to improve accommodation at the R.C.A.F. station at Beausejour, Manitoba.

POSTMASTER, INDIAN BAY, MAN.

Question No. 783—**Mr. Slogan:**

Has a postmaster been appointed to fill the vacancy at the Indian Bay post office, Manitoba, and, if so, what is the name, and qualifications of this person?

Mr. Denis: No.

POSTMASTER, POWERVIEW, MAN.

Question No. 784—**Mr. Slogan:**

Has a postmaster been appointed for the revenue post office at Powerview, Manitoba, and, if so, what is the name, and qualifications of the appointee?

Mr. Denis: Yes. Mr. Victor Harris, overseas veteran, accountant with the metropolitan corporation of greater Winnipeg.

ESTABLISHMENT OF POST OFFICE, PINAWA, MAN.

Question No. 785—**Mr. Slogan:**

Is it the intention of the government to establish a post office at Pinawa, Manitoba, and if so, when is it intended to establish this post office, and what accommodations are being planned for it?

Mr. Denis: Yes. Initially the office will be opened as a revenue post office with premises provided by the postmaster. The target date for opening is July 15, 1963.

RURAL MAIL CONTRACT, EAST SELKIRK, MAN.

Question No. 786—**Mr. Slogan:**

1. Has a contract been awarded on mail delivery at East Selkirk, R.R. No. 1, and, if so, to whom, and at what price?
2. What are the names of each of the tenderers, and the amount of each tender?
3. When is it anticipated that this rural route will go into operation?

Mr. Denis: 1. Yes; Mr. Michael Youzwa; $2,974.00 per annum.

2. Michael Youzwa, East Selkirk, $2,974.00; Michael Andrayko, East Selkirk, $2,985.00; Carl Charles Tarnopolski, East Selkirk, $3,400.00; Joseph Pshednowek, Box 86, East Selkirk, $3,600.00; Mrs. Steffie E. Shumilak, East Selkirk, $4,100.00; Michael Symko, Box 171, Selkirk, $5,400.00; Fred Bosko, Box 27, East Selkirk, $6,103.00; Edward Storodub, East Selkirk (late tender), 4,200.00.

3. As soon as the necessary arrangements can be made.

TELEVISION TRANSMISSION, DRYDEN-SIOUX LOOKOUT, ONT.

Question No. 789—**Mr. Fisher:**

Has the C.B.C. had difficulty at its Dryden-Sioux Lookout transmitters, including poor picture quality, fading, inadequate coverage and many off-air incidents, and, if so, what are the explanations and the likelihood of the difficulties being surmounted?

[Mr. Slogan.]

Mr. Pickersgill: I am informed by the Canadian Broadcasting Corporation that some difficulties have been experienced in television transmission at Dryden-Sioux Lookout, but the coverage is considered adequate within the "A" and "B" service contours described in the technical brief for these stations. The main source of the trouble is attributable to technical difficulties experienced by the network supplier, some of these caused by electric power lines construction and lightning storms. In addition there were the usual minor technical adjustments required to the stations' transmitting equipment in the initial stages. The major problems have been overcome and it is considered that the entire system will be operating to standard requirements very soon.

UNEMPLOYMENT INSURANCE BENEFITS AND PLACEMENTS, TEMISCAMINGUE COUNTY, QUE.

Question No. 793—**Mr. Martineau:**

1. How many claims for unemployment insurance benefits have been filed with the unemployment insurance commission office at Rouyn since April 21, 1963, from persons residing in Temiscamingue county?
2. How many claims have been approved?
3. How many persons residing in Temiscamingue county have registered with the placement office at Rouyn since April 21, 1963?
4. How many persons so registered have found employment through the U.I.C. since April 21, 1963?

Mr. MacEachen: 1, 2, 3 and 4. The national employment office of the unemployment insurance commission at Rouyn serves an area, situated in the southwestern corner of the province of Quebec, that is approximately 175 miles from north to south and 50 miles from east to west. Besides Temiscamingue county, the area served by this office includes portions of the counties of Rouyn-Noranda and Abitibi-Ouest. The statistics for this local office are based upon the entire area served: and, therefore, they are not maintained in a manner which would permit the information requested to be extracted.

PENSION APPEAL BOARDS

Question No. 794—**Mr. Nesbitt:**

1. How many commissioners at present comprise the membership of the Canadian pension commission?
2. What is the minimum number of commissioners required to sit on a properly constituted appeal board?
3. Are there any special circumstances that would permit one commissioner to hear an appeal?
4. Are appeal boards held in principal Canadian cities regularly, and at all times of the year?
5. Is there any period of the year when appeal boards are not held and, if so, for what length of time?
6. If appeal boards are not held during certain times of the year, for what reason are they not held?

7. If appeal boards are not regularly held at certain times of the year, are any arrangements made for hearing any emergency cases?

Mr. Cantin: 1. 15.

2. 3.

3. No.

4. Yes, except during July and August.

5. Yes, during July and August except that there is a regular sitting of about three weeks' duration at points in the lower St. Lawrence area in July or August to accommodate applicants who are available only in summer, being employed in the bush, etc., at other times.

6. It has been found most difficult to obtain attendance during July and August of medical and other witnesses whose testimony may be of vital importance to the outcome of the case, due to their absence on holidays. Hence, half the members of the commission are required to take their vacation period in July and half in August.

7. Yes, if necessary witnesses are available.

(Translation):

C.B.C.

Question No. 799—**Mr. Chretien:**

1. On what date did the C.B.C. commence to broadcast the national news on the French language network at 10 p.m. instead of 11 p.m.?

2. Does the C.B.C. intend to continue to broadcast such news at 10 p.m.?

3. Is the C.B.C. considering the broadcasting of the news at 11 p.m. on the French language network as it does on the English language network?

Mr. Pickersgill: I have received the following information from the Canadian Broadcasting Corporation:

1. Sunday, July 1, 1962.

2. Yes, until fall, when it is intended to broadcast the news at 10.30 p.m.

3. No.

(Text):

GRANTS TO PROVINCES TO PROMOTE BILINGUALISM

Question No. 806—**Mr. Valade:**

1. Has the government received representations from the national centennial administration to provide for a per capita grant to each province as a subsidy for projects aimed at the advancement of bilingualism and, if so, does it intend to grant such a subsidy?

2. If not, does the government intend to take into consideration the suggestion made recently by the chairman of the administration?

(Translation):

Mr. Badanai: 1. No.

2. If the hon. member is referring to the commissioner of the national centennial administration, I am informed that he has never made such a statement.

*MONTREAL—NEW PUBLIC WORKS BUILDING

Question No. 807—**Mr. Valade:**

1. Did the Department of Public Works order the construction of a new office for the Minister of Public Works in the public works building on Delorimier street in Montreal?

2. What was the cost of such construction?

3. Who was awarded the contract?

4. Were public tenders called and, if so, when?

5. If public tenders were not called, what was the reason?

Mr. Badanai: 1. Yes.

2. $1,538.

3. No contract was awarded.

4 and 5. No. The work was done by public works employees with materials already in stock.

(Text):

*BILINGUAL APPROVAL STAMPS, AGRICULTURE DEPARTMENT

Question No. 809—**Mr. Côté (Chicoutimi):**

1. As slaughtering and other establishments which, under federal inspection, deal with the classification, processing, etc., of agricultural products must carry on their products the mark of the federal Department of Agriculture "Canada est approved", will the government issue bilingual marks in line with the bilingual nature of our country?

2. Are the employees, agronomists, inspectors, etc., required to submit their reports in English?

Mr. Hays: 1. The Department of Agriculture is considering arrangements for the establishment of the «Canada Approved» legend in the two languages.

2. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

AGREEMENTS RESPECTING VOCATIONAL TRAINING

Question No. 243—**Mr. Perron:**

1. Since the coming into force of the Technical and Vocational Training Assistance Act, what amounts has the government expended, by provinces, for (a) capital expenditures (b) training unemployed persons (c) training persons in regular secondary schools (d) training technicians in technological institutes (e) training teachers and instructors (f) training apprentices (g) training persons over the regular school leaving age (h) research programs?

2. Has the government received from the government of Quebec a request or requests for the extension of these agreements and, if so, what answer did the government give?

Mr. Pickersgill: Return tabled.

*NATIONAL PARKS

Question No. 750—**Mr. Pigeon:**

1. For each province, what is the number of national parks, and their total area?

2. What was the cost to the government for these national parks during the last 10 years?

3. What steps should be taken by a provincial government which is interested in the establishment of a national park?

4. Is any one department charged with the responsibility of reviewing requests for national park development and, if so (a) how many requests have been received from the provinces since 1960 (b) which provinces made requests?

Mr. Laing: Return tabled.

MOTIONS FOR PAPERS

CORRESPONDENCE RESPECTING WORLD FAIR

Motion No. 12—**Mr. Pigeon:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence and reports on the site of the 1967 world fair exchanged between the government and the following other governments or bodies concerned: (a) international joint commission (b) St. Lawrence seaway authority (United States and Canada) (c) St. Lawrence river pilots' association (d) national harbours board (e) Canadian National Railways (f) Quebec Hydro (g) city of Verdun (h) Canadian association for the protection of birds (i) Department of Transport (j) town of Saint Lambert (k) government of the province of Quebec (l) Canadian World Exhibition Corporation.

(Translation):

Mr. Deschatelets: Mr. Speaker, I understand that the hon. member is willing to restrict his question to paragraphs c, f, g, h, j, k. If such is the case, the motion is acceptable subject to the usual reservation as to the consent of the province of Quebec respecting paragraph k.

(Text):

Mr. Speaker: Is there any objection to the reservation stated by the minister?

(Translation):

Mr. Pigeon: I agree.

(Text):

Motion agreed to.

SALES TAX ON BUILDING MATERIAL AND MACHINERY

Motion No. 38—**Mr. Stefanson:**

That an order of the house do issue for a copy of all telegrams, correspondence and other documents and any replies thereto received by the Prime Minister, the Minister of Finance or any government officials protesting the new 11 per cent sales tax on building material, machinery and equipment.

Mr. Pickersgill: Mr. Speaker, this motion, as I think my colleague the Minister of National Revenue has explained to the hon. gentleman, would be acceptable to the government on the understanding that what would be produced would be copies of all telegrams, correspondence and other documents and any replies thereto which relate generally to the taxation and not to the cases of individual taxpayers, who might be disclosing their private affairs. I understand that is quite acceptable to the hon. gentleman and it is a reservation, I believe, that would be well understood by all hon. members.

Mr. Stefanson: Mr. Speaker, that is acceptable.

Mr. Speaker: Subject to the reservation as stated by the minister, is it the pleasure of the house to adopt the said motion?

Motion agreed to.

[Mr. Laing.]

CORRESPONDENCE WITH WATER RESOURCES BRANCH

Motion No. 41—**Mr. Herridge:**

That an order of the house do issue for a copy of all correspondence, telegrams and other documents exchanged between the deputy minister of northern affairs and national resources and any of the staff of the water resources branch in Ottawa and the representatives of any non-government organization or other persons between January 1, 1961, until July 1, 1963.

Mr. Laing: Mr. Speaker, in connection with this motion there has been a discussion between the hon. member for Kootenay West and my executive assistant, and I think they came to an understanding that the correspondence requested would be so voluminous that it would be impossible to accept the motion. However, they have had certain discussions and I think what has been decided will satisfy the hon. member and permit the provision to him of such material less privileged documents. Therefore the hon. member might wish to withdraw the motion as it stands at present.

Mr. Herridge: Mr. Speaker, I understand that about 11,000 letters are involved. I appreciate the minister's explanation, but I understood the main argument against the production of these papers was the cost. The people I represent do not want to be responsible for any unnecessary cost on the treasury, so if the minister will support my motion I will forward to him by one of the page boys my cheque for $1,000 to cover the cost of photostating these 11,000 letters. I trust that as this will cause no expense to the country the minister will see fit, under these circumstances, to accept my motion.

Mr. Laing: Mr. Speaker, I think this is an extraordinary situation that has probably never before developed in this house, and I suggest, sir, that you obtain possession of that cheque at the earliest possible moment. But to be serious, I think I would like to discuss the matter further with the hon. member for Kootenay West because our department is anxious to provide the material that he wants, subject only to those privileged documents that we could not, of course, deliver. I am told that there are in all some 10,000 letters which would have to be presented. I think, Mr. Speaker, my final word is that the cheque is now in safe hands.

Mr. Speaker: In the circumstances may I suggest that this matter stand for a few days.

Motion stands.

[*Later:*]

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, may I direct a question

to the Minister of National Revenue. In view of the statement made by the Minister of Northern Affairs and National Resources dealing with what he says is the most unique situation which has ever developed in the history of Canada, can he tell the house whether the cheque which has been tendered by the hon. member for Kootenay West will be construed as a gift to the reserves of the Bank of Canada and thereby be deductible for income tax purposes?

Hon. J. R. Garland (Minister of National Revenue): I would think, Mr. Speaker, if the hon. gentleman who has just posed the question could make a careful examination of the cheque he would find his answer there.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I was called out of the chamber for a few moments and failed to hear the comment of the Minister of National Revenue, but I understand he cast some shadow of doubt on my cheque. Would the minister explain to the house in what way the cheque is not valid? It is made out to the Receiver General of Canada, and perhaps I should have sent it to the Minister of Finance to assist him with his deficit.

Mr. Garland: Well, Mr. Speaker, like many of the suggestions from across the way, it seems to be lacking in substance. Having said that in the true humanitarian spirit, perhaps I could pass it along to the Minister of Justice for an expression of opinion.

SALES TAX ON BUILDING MATERIALS AND MACHINERY

Motion No. 42—**Mr. Orlikow:**

That an order of the house do issue for copies of all letters addressed to the Prime Minister and the Minister of Finance protesting the imposition of the 11 per cent sales tax on building materials and machinery.

Mr. Pickersgill: Mr. Speaker, I wonder whether the hon. member for Winnipeg North has looked at the motion already adopted by the house moved by the hon. member for Selkirk (Mr. Stefanson). I assume he has not another $1,000 cheque. If the hon. member would be willing to accept the return to be made to the hon. member for Selkirk as fulfilling his motion, there would be no objection whatsoever to his motion also passing on that understanding, so that the documents would not have to be duplicated a second time.

Mr. Orlikow: That is acceptable to me, Mr. Speaker.

Mr. Speaker: The motion is dropped, or is the hon. member putting the motion?

Mr. Knowles: It is carried.

Mr. Pickersgill: It is carried.

Mr. Speaker: Subject to the reservation as stated by the minister, is it the pleasure of the house to adopt the said motion?

Motion agreed to.

PROPOSED EXTENSION OF SALES TAX

Motion No. 43—**Mr. Knowles:**

That an order of the house do issue for a copy of all communications, memoranda, etc., dated since June 13, 1963, received by the government or by any minister thereof, with reference to the proposed extensions of the 11 per cent sales tax, and a copy of all replies made thereto by any such minister.

Mr. Pickersgill: Mr. Speaker, I wonder whether I might also say a word about this motion. So far as I can discern, the only difference between it and the other two motions to which I have just referred is that it refers to all ministers instead of to the Prime Minister and the Minister of Finance. But it does not seem to me to be substantially different, and I wonder whether there could be the same understanding with respect to it as there was with respect to the motion by the hon. member for Winnipeg North?

Mr. Knowles: Mr. Speaker, may I point out that there is one other difference. The other two motions asked for correspondence and other documents received by the Prime Minister, the Minister of Finance or any government officials protesting the imposition of the 11 per cent sales tax on building materials, machinery and equipment, whereas my motion asks for all correspondence received by the government or by any minister thereof with respect to all the sales tax extensions; in other words it refers to clause 4 as well as clause 1 of the Excise Tax Act resolution, so it does call for considerably more information.

Mr. Pickersgill: Mr. Speaker, if there is any surplusage found in regard to the hon. member's motion, would he agree to our avoiding any unnecessary duplication?

Mr. Knowles: I would accept that, Mr Speaker.

Mr. Speaker: Subject to the reservation as stated by the minister, is it the pleasure of the house to adopt the said motion?

Motion agreed to.

EXPLANATIONS OF BUDGET PROVISIONS

Motion No. 44—**Mr. Knowles:**

That an order of the house do issue for a copy of all directives or memoranda issued by the Department of National Revenue since June 13, 1963, explaining or interpreting any of the provisions of the budget presented on that date or any budgetary decisions made subsequent thereto.

Inquiries of the Ministry

Mr. Garland: Mr. Speaker, this motion is acceptable subject to the reservation that, while all directives or memoranda issued by the department to the public will be provided, instructions to staff, understandably, cannot be revealed without impairing the efficiency of the department.

Mr. Speaker: Subject to the reservation as stated by the minister, is it the pleasure of the house to adopt the said motion?

Motion agreed to.

INCOME TAX—PROCEDURES RESPECTING EXPENSE ACCOUNT DEDUCTIONS

Motion No. 45—**Mr. Knowles:**

That an order of the house do issue for a copy of all directives or memoranda issued by the Department of National Revenue since June 13, 1963, dealing with procedures to be followed in claiming deductions for income tax purposes with respect to expense accounts.

Mr. Garland: Mr. Speaker, this motion is also acceptable with the same reservation.

Mr. Speaker: Subject to the reservation as in number 44 stated by the minister, is it the pleasure of the house to adopt the said motion?

Motion agreed to.

EXTERNAL AFFAIRS

INQUIRY AS TO FORMATION OF PEACE CORPS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs arising out of an address that he made outside the house in which it was indicated that a peace corps was being formed. I would like to ask the minister whether action along that laudable line has been taken by the government, or what is its attitude to the formation of such a corps?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the right hon. gentleman is not quite factual in his question, but I understand the interest that the Prime Minister has in this matter—

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): —and I expect that when he returns to the house—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —he will be able to amplify what I am now going to say to the Leader of the Opposition. Any announcement with regard to a peace corps, as suggested by the Leader of the Opposition is, of course, a matter of government policy. The previous Canadian government has applauded the peace corps activities in the United States, and we have also praised the action taken by a number of organizations in Canada including the Canadian university students organization which carry on in countries outside Canada a work similar in intention and purpose to the peace corps organization in the United States.

Mr. Diefenbaker: Is there any direct assistance given to this university corps by the government?

Mr. Martin (Essex East): As was the case with the government formerly headed by the present Leader of the Opposition, the answer is no, at the present time.

NATO—SUGGESTED NON-AGRESSION PACT WITH WARSAW PACT COUNTRIES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Secretary of State for External Affairs. Has the attention of the minister been drawn to the statement by Premier Khrushchev that the Soviet union is willing to sign a test ban agreement providing a non-aggression pact could be arranged between NATO and the Warsaw pact countries? Has the minister any comment to make on this statement, and what steps does the Canadian government intend to take to encourage this proposal?

Hon. Paul Martin (Secretary of State for External Affairs): I thank the hon. member for having given me notice of this question. The answer to the first part of the question is yes. I should say first of all, however, that the hon. gentleman's question does not make clear that it is a test ban in the atmosphere, outer space, and under water which is involved. A proposal to this effect has been put forward on several occasions by Great Britain and the United States. The indication which Premier Khrushchev has now given that he could accept such an arrangement is most welcome. It would not, however, be a substitute for a comprehensive test ban which would also call a halt to underground testing, though it would represent a significant step in that direction.

As to the second part of the question, I would say that the idea of a non-aggression pact, as I have already said in this house on May 29, could be useful in appropriate circumstances. Naturally we would have to know exactly what terms and conditions the Soviet union attaches to this suggestion, before adopting a firm decision on it or on the proposal to combine it with a partial nuclear test ban.

In mentioning the possible limitations surrounding these proposals, I do not wish to give the impression that we are underestimating their significance. A Soviet initiative looking toward some form of agreement with the

west may be of particularly great importance on the eve of the sino-Soviet meeting on July 5 and with Britain and the United States on July 15. Any proposal of this magnitude obviously requires careful study and consultation with our allies, but no effort should be spared to explore fully all the possible advantages which it may hold in terms of an east-west understanding in the broader sense.

Mr. Douglas: May I ask the minister whether those views are being transmitted to Canada's allies?

Mr. Martin (Essex East): Those views are being transmitted.

WEST BERLIN—INQUIRY AS TO CONSULTATION RESPECTING STATEMENT BY PRESIDENT KENNEDY

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Perhaps I may deal with a question asked yesterday by the hon. gentleman for Kootenay West and addressed to the Acting Prime Minister, who has referred it to me. The hon. gentleman asked whether the Canadian government was consulted by the government of the United States prior to President Kennedy's announcement in West Germany that he was willing to risk destruction of American cities in the defence of west Berlin.

In answer to that question I would say that as to the specific terms used by the President in West Germany, Canada was not consulted. However, there is of course close and continuous consultation among all NATO countries on such matters as Berlin. President Kennedy's remarks in Berlin on the indivisibility of freedom, which I take it the hon. member has in mind, were a reiteration of long standing NATO policy. They are in complete accord with article 5 of the north Atlantic treaty which states that an armed attack against one or more NATO members in Europe or North America shall be considered an attack against them all. The remarks are also consistent with the communique on Berlin issued by the north Atlantic council in ministerial session on December 16, 1958, in which the alliance fully associated itself with the determination of the three protecting powers, the United States, Britain, and France, "to maintain their rights with respect to Berlin".

Under the circumstances there was no requirement for any special consultation in this instance.

Mr. H. W. Herridge (Kootenay West): A supplementary question. Am I right in assuming from the minister's answer, which I appreciate, that it is the policy of the government of Canada, under particular circumstances, to be willing to sacrifice Canadian lives in defence of west Berlin?

Mr. Martin (Essex East): Mr. Speaker, I am sure the hon. gentleman, on reflection, knows perfectly well that there was no justification whatsoever for the comment he has just made.

(Translation):

REPORTED REFERENCE TO FRENCH LANGUAGE BY CONSUL AT LOS ANGELES

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to reply to a question asked by the hon. member for Nicolet-Yamaska on June 28.

I must say I asked our consul general in Los Angeles to send me a report on the speech he made last December 9 at a dinner of the French Canadian club of Los Angeles. The consul general told me he had said at the beginning of his speech he was sorry he could not speak French and would have to resort to his poor English "patois". That comment, which is altogether different from the one quoted in *La Presse* of June 27, did not, according to the consul general, irritate his audience. That newspaper's report, in fact, constitutes the first and only unfavourable comment made about that speech.

As a matter of fact, the speech the consul general made on December 9 does not seem to have done him any harm as far as the French Canadians in Los Angeles are concerned, because he has since been invited several times by the French Canadian Association of Los Angeles.

DOMINION-PROVINCIAL RELATIONS

SUGGESTED POSTPONEMENT OF PENSION LEGISLATION

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Justice in his present capacity as Acting Prime Minister. Will the government give in to the request made by Mr. Lesage who, in his letter to the Prime Minister, insists that the study of the bill concerning contributory pensions take place only after the federal-provincial conference has been held? It must be added that he has warned the federal government against any unilateral action.

Hon. Lionel Chevrier (Acting Prime Minister): That question is now standing and I have no statement to make on the matter.

Mr. Pigeon: Is there any hope that the federal government will accept?

Inquiries of the Ministry

Mr. Chevrier: The hon. member should calm down and wait patiently; a reply will be given in due course, I am sure.

Hon. Paul Martineau (Pontiac-Temiscamingue): Does the government intend to table Mr. Lesage's letter dated June 27?

Mr. Chevrier: I would have to consult the Prime Minister about that. However, I believe that if such is the wish of the house, it could be tabled in due time.

(Text):

FINANCE

EXTENSION OF APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): It has been estimated that the 11 per cent sales tax on building materials will actually raise the retail cost on some building materials—

Mr. Speaker: Order. Would the hon. member just state his question? He is offering advice and an opinion.

Mr. Kindt: On a point of order, if I may finish my statement, it would raise the retail cost of some building materials by some 20 per cent. I have two questions to ask. First, did the Minister of Finance himself make a study of the implications of this 11 per cent sales tax before announcing the budget? My second question is, if so, did the results obtained from that study lead him to the conclusion that the tax should be imposed?

Hon. Walter L. Gordon (Minister of Finance): I have nothing to add to what I said yesterday.

Mr. George Muir (Lisgar): Mr. Speaker, I should like to address a question to the Minister of Agriculture. Considering the expected large crop of wheat in the west for this year and the reduced sales to China, has he considered making representations to his colleague the Minister of Finance to have the 11 per cent tax removed on building materials for storage bins?

Mr. Churchill: No answer.

(Translation):

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, I should like to direct a question to the Minister of Finance.

Now that the minister has overcome non-confidence votes, could he tell us why it is so difficult to remove the 11 per cent tax which will affect future small owners, heads of families, etc., when it has been so easy to remove the 30 per cent tax which affected big finance and powerful American trusts?

[Mr. Pigeon.]

(Text):

Mr. Speaker: Order. I regret that the question is not in order.

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I have a question for the Minister of Finance. I would like to ask the minister if he has yet met with any representatives of the prefabricated home builders association?

Mr. Gordon: Yes, Mr. Speaker.

Mr. Smallwood: Then has the minister anything to report to the house regarding the unfair tax placed on these people?

Mr. Gordon: I did not hear that question.

(Translation):

Mr. Gerard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is the minister considering the possibility of removing the 11 per cent tax on building materials to be used to rebuild farm buildings and houses destroyed or damaged by the tornado that swept through western Abitibi last Sunday?

(Text):

Mr. Gordon: Mr. Speaker, I have nothing further to add until I make an announcement on Monday, or before.

(Translation):

CANADIAN NATIONAL RAILWAYS

RESTORATION OF SERVICE BETWEEN ROUYN AND TASCHEREAU, QUE.

On the orders of the day:

Mr. Gerard Laprise (Chapleau): May I direct a question to the Minister of Transport? Could the minister tell us whether the railway transport service between Rouyn and Taschereau will soon get back to normal?

(Text):

Hon. G. J. McIlraith (Minister of Transport): Yes, Mr. Speaker. The bridge which was destroyed some time ago is being rebuilt.

TRADE

WHEAT—INQUIRY AS TO CREDIT TERMS FOR RED CHINA

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): I should like to direct a question to the Minister of Trade and Commerce. Would the minister care to comment on the report that the government has authorized the Canadian wheat board to extend credit terms to mainland China on the basis of 10 per cent cash and the balance in 18 months, and in addition that the government is prepared to permit the importation into Canada of approximately $2,500,000 to $3 million per year of

assorted textiles from mainland China based on a Hong Kong valuation for fair value for duty?

Hon. Mitchell Sharp (Minister of Trade and Commerce): For reasons I have given on many occasions I would not care to comment on either of those questions.

Mr. McIntosh: A supplementary question—

Mr. Speaker: I am sorry, but I do not see how there can be a supplementary question when the first question was not answered.

EAST GERMANY—INQUIRY AS TO GRAIN SALES

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Would the minister care to advise the house on how negotiations are proceeding with East Germany for credit sales of grain, which were initiated by the previous administration?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I would like to take this question as notice so that I may give a full and accurate reply to the hon. member.

GRAIN

STATEMENT AS TO SHIPMENTS FROM FORT CHURCHILL

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): May I take this opportunity to answer a question which was asked yesterday by the hon. member for Mackenzie about grain movements from Fort Churchill.

I have been advised that the first ship is expected at Churchill to load on or about July 27. In preparation for the Churchill navigation season the elevator has been filled to capacity with approximately 4.8 million bushels of wheat in store. The Canadian wheat board is now in the process of issuing shipping orders to the elevator companies, and arrangements have been completed with the Canadian National Railways for the movement of wheat from country elevator positions to Churchill commencing July 15. This is the usual procedure followed each year by the board. This movement will continue until all shipments from Churchill have been completed and the terminal elevator has been filled again.

PUBLIC WORKS

SOUTH SASKATCHEWAN DAM—CONTRACT FOR CEMENT

On the orders of the day:

Mr. K. H. More (Regina City): I wish to direct a question to the Minister of Agriculture. May I preface it by saying I hope that he enjoyed his visit to my constituency last week. The press report of his meeting in Regina has the minister making the following statement in answer to a question about a cement contract for the south Saskatchewan dam: "We shall award the contract on a draw basis, that is by drawing the names from a hat". I should like to ask the minister if this is government policy, approved by the cabinet and by the treasury board.

Hon. Harry W. Hays (Minister of Agriculture): May I say to the hon. member for Regina that I enjoyed my trip very much and that the people were very pleased to see me.

To answer the hon. member's question, the contract involved is a cement contract involving a sum in the neighbourhood of $1,700,000 for which there were identical bids from two companies. We sent them back and asked the companies to reconsider them. They came back as identical bids. My department felt there should be some way of drawing them, not necessarily out of a hat. But it is a responsibility of the treasury board to deal with these matters. The treasury board now have the bids in front of them, and they will handle them in their own good way, I suppose. But the feeling in my department is that we would prefer them to be drawn out of a hat when identical bids are put in in connection with these contracts.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Does the minister's answer mean that the government will contravene the Criminal Code to establish lotteries or draws?

Mr. T. C. Douglas (Burnaby-Coquitlam): Is it correct that the procedure followed by the previous government was to allocate 25 per cent of the contract to Saskatchewan firms, since 25 per cent of the cost was being borne by the Saskatchewan government, and the balance of the contract was split between the two companies when identical bids were submitted? Was that the practice formerly followed? If so, why is it not being followed now?

Mr. Hays: That was the procedure in the past. These contracts are now in the hands of the treasury board which will be dealing with them. I have just expressed my view and the view of my department.

Mr. Douglas: A separate ministry?

[*Later:*]

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of Agriculture supplementary to the question asked by the hon. member for Regina in

regard to cement contracts. In view of the identical bids will the minister ask the restrictive trade practices commission to review this particular case?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, may I just say this, that with regard to the question of identical bids, which has come up repeatedly in this house, questions have been asked by hon. members as to whether or not this offends against the statute. The practice has been that unless there is some clear cut evidence that there has been an agreement, the matter is not generally referred to the restrictive trade practices branch; or, as I should have said, to the director of the combines investigation branch. Unless and until there is, I am afraid there is nothing that I as Minister of Justice can do to bring it to the attention of the director.

Mr. David Orlikow (Winnipeg North): A supplementary question. I wonder whether the Minister of Justice means to tell the house that what is required is a confession in advance from the company concerned that they have sinned before the government will act?

Mr. Chevrier: If there is any evidence which my hon. friend or any other hon. member has that there has been an understanding or an agreement in this or any other case, all he need do is to bring it to the attention of the Minister of Justice, who will at once see to it that the director under the Combines Investigation Act will give it immediate study.

Mr. Orlikow: Is it not the job of the department to look at the evidence, not the job of hon. members?

Mr. Chevrier: If my hon. friend is not familiar with the statute perhaps I should tell him what the statute says. The statute clearly indicates that (1) if a number of residents of the country, six in number, will bring before the minister or the director any evidence of agreement, or (2) if there is evidence of another character, then the matter may be brought to the attention of the director. I remember when I was on the other side of the house similar cases were brought to the attention of the minister of justice, and my recollection is that this was the answer he gave. If there is substantial evidence of agreement I will bring it to the attention of the director, although thus far I have not seen any.

Mr. Douglas: Does the Acting Prime Minister consider that the only solution, where there are identical bids, is to put them in a hat and decide the successful bidder by means of a national lottery?

[Mr. Prittie.]

Mr. Speaker: Order. I must point out that this is taking on the nature of debate, and I think we should progress.

[*Later:*]

Mr. More: Mr. Speaker, I would like to ask the Acting Prime Minister whether the statement made by the Minister of Agriculture in Regina represents new government policy for awarding contracts, and whether it was approved by the cabinet and treasury board.

Mr. Chevrier: Mr. Speaker, I wonder if the hon. member listened carefully to what the Minister of Agriculture said. He made it quite clear that he was giving his own views on the matter, and I think he added that the matter had been referred to treasury board for determination. I may add that since these questions have been asked of me by hon. members in that quarter it comes to my mind now, and I believe this is the custom, that treasury board, when there are equal tenders, automatically refers them to the director of investigation and research of the combines investigation branch.

POWER

COLUMBIA RIVER—SUGGESTED STUDY OF CANADIAN USE OF WATER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs, knowing of his interest in farmers and their problems. My question is of great concern to farmers of British Columbia, Alberta and Saskatchewan. Has the minister or any other member of the government received representations from the western Canada reclamation association since its annual meeting in Kelowna on Friday, June 21, urging the federal government not to sign the present Columbia river treaty with the United States to develop hydro power on the Columbia until a study has been made on reserving this water for Canadian use?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, speaking for myself the answer is no.

(Translation):

WORLD FAIR

INQUIRY AS TO MEETING WITH MAYOR OF MONTREAL

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Since the minister is to meet the mayor of Montreal and the chairman of the executive council

within the next few days, could he tell us whether he has invited Messrs. Bienvenu and Carsley to that meeting and whether they will attend?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I invited them yesterday in accordance with the statement I made in the house about ten days ago to the effect that a meeting of all parties interested in the world fair would be called. I suggested that the meeting be held next Saturday and the commissioner, the assistant commissioner and Mr. Gerard Levesque, minister of the province of Quebec, have been invited.

(Text):

LABOUR RELATIONS

VANCOUVER—STEPS TO PREVENT STRIKE OF LONGSHOREMEN

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I would like to direct to the Minister of Labour. I wonder whether the minister could report today on the situation of the industrial dispute involving the longshoremen of British Columbia and the British Columbia shipping federation. Is everything being done by the department to avoid a tie-up of the waterfront industry?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the parties to this dispute were in negotiation yesterday and are continuing today. May I tell my hon. friend, who inquired recently about the present and prospective position of the unemployment insurance fund, that an answer given today to his colleague from Hamilton South will answer his inquiry of several days ago.

BUSINESS OF THE HOUSE

REQUEST FOR CONSIDERATION OF MUNICIPAL LOAN LEGISLATION

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I should like to address a question to the Acting Prime Minister. In view of the urgency of providing the fullest employment opportunities in Canada, and in view of the statement of the Minister of Finance that the one item in the government's program which would have the quickest effect in this regard is the municipal loan fund, will the minister assure the house that notwithstanding suggestions and requests from certain outside sources for delay, this important piece of legislation will be proceeded with without any delay whatsoever?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I think that important piece of legislation is a matter for the house to decide upon. In so far as the house leader is concerned, I am sure that we on this side would be delighted to have it proceeded with as soon as we have disposed of other matters; but I think one has to consider the temper of the house and the views of those who represent their respective parties. In so far as we are concerned I think we would be happy to have it moved up as fast as possible.

Mr. Heward Grafftey (Brome-Missisquoi): A supplementary question. Inasmuch as the government has indicated to the premier of Quebec that it will delay discussion of this legislation until the forthcoming federal-provincial conference, does the government consider that this legislation is now before the house to be dealt with?

Mr. Chevrier: Mr. Speaker, I am just wondering why the suppliant tone of voice of my hon. friend in the last part of his question. I think it has been made clear in the house by the Minister of Finance and by the Prime Minister what are the intentions of the government vis-à-vis this important piece of legislation.

Mr. Scott: Has the minister, or any other minister, indicated to the premier of the province of Quebec that this matter will be delayed?

Mr. Chevrier: I am not aware of any such statement having been made.

COAL

IMPLEMENTATION OF ROYAL COMMISSION REPORT

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the minister of mines. Does the government intend to implement the recommendations of the Rand royal commission report, which would prove very detrimental to the coal operations in Nova Scotia?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): I am sorry, I was looking at desk notes. Would the hon. member please repeat his question?

Mr. MacInnis: I understand the minister to say that he wants the question repeated. I asked the minister whether the government has any intention of implementing the Rand royal commission report recommendations, which would prove very detrimental to the coal operations in Nova Scotia.

Mr. Benidickson: Mr. Speaker, the Rand royal commission report was delivered in 1960. No action was taken by the previous

administration with respect to it. I think the hon. member knows better than anybody that the announcement which I made last week respecting coal was perhaps more heartening than anything that has been heard by the people of Nova Scotia with respect to the coal industry for some time.

Mr. MacInnis: A supplementary question.

Mr. Speaker: May I point out to the hon. member that his first question was really out of order because it was a negative. It was not asking for information, it was tendering it.

Mr. MacInnis: With all due respect, having received an answer I would then consider that a supplementary question would also be in order.

Mr. Speaker: What is your supplementary question?

Mr. MacInnis: It is this. Has the minister not heard of the recommendation of the Rand royal commission report about the reconstruction of the Louisburg fortress, and would he not consider that quite a feat of the previous government?

Mr. Benidickson: Mr. Speaker, in two or a little more months of office I can assure the hon. member that all these Rand recommendations are being given consideration, but I repeat that this report was before the previous administration for a long time.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO IMPLEMENTATION OF GILL REPORT

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, I would like to direct a question to the Minister of Labour. In view of the flow of letters coming in from the unemployed who are having trouble with the unemployment insurance commission, when will the minister consider applying some of the recommendations of the Gill report?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, as I have stated already in the house, the report of the Gill committee is presently under consideration, and as soon as that consideration and study is completed the government will be in a position to make recommendations, possibly in the form of legislation for action by parliament.

Mr. Langlois: As a supplementary question, will the minister tell us approximately when he expects these studies of the Gill report to be through, and when he intends to implement them with legislation?

Mr. MacEachen: I do not think I could tell my hon. friend the exact time when these complicated studies and considerations will be completed, but they will be undertaken with as much dispatch as possible.

LABOUR CONDITIONS

QUEBEC—STRIKE AT SOLBEC COPPER MINE

On the orders of the day:

Hon. A. J. MacEachen (Minister of Labour): While I am on my feet, Mr. Speaker, may I tell the hon. member for Megantic (Mr. Langlois), who inquired yesterday about a strike at Solbec copper mine, that this particular labour dispute is under the jurisdiction of the province of Quebec and for that reason it is not of direct concern to the federal Department of Labour.

TELEVISION

REQUEST FOR REBROADCAST OF DOMINION DAY PROGRAM ON PARLIAMENT HILL

On the orders of the day:

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I wonder if I might reply to a question which was asked yesterday by the hon. member for Vancouver East (Mr. Winch) with reference to the ceremonies on what I shall call the 1st of July, to avoid offending the susceptibilities of any hon. member. I am informed by the Canadian Broadcasting Corporation that the entire evening program was not recorded. Parts of the evening ceremony were taken on film and excerpts from the film were shown on the national television news. The afternoon program of folk dancing and choral singing was recorded on television tape and broadcast at 5.30 p.m. to the C.B.C. television network.

Apparently a great deal of film was also taken by C.T.V. and shown on its stations, because I saw some of it myself late last night on the private station here in Ottawa.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wonder if consideration could be given by the Secretary of State, between now and next year, to having a definite term for the 1st of July. There is quite a degree of confusion as it is called Confederation day, Dominion day and Canada day. Surely some definite title could be selected so that a minister of the crown would not have to refer to it as the 1st of July. If that could be done it would be something to celebrate.

Mr. Pickersgill: The hon. gentleman knows his question is completely out of order since he is attempting to initiate a debate, but none the less I would be glad to reply to it. A bill passed through this house a number of years ago to change the name of the 1st of July, to Canada day, and I wish it had passed the other house as well. I am only giving my personal view on that, and only speaking personally,

but the efforts made by the government to which I belonged before 1957, to replace the word "dominion" by a more modern and realistic term, were resisted strongly by the Tory party at that time. As soon as they came into office they dropped the term "federal" and began using the word "dominion", in what I thought was a very retrograde manner. I would draw this to the attention of the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon).

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I am sure that the house listened with interest to the gratuitous observations made by the minister, but may I say to him that the degree of agreement on the part of the present government was indicated by the fact that while he, as Secretary of State, called it "Dominion day", the Prime Minister was afraid to say that, and referred to it as "our national day". I understand the Secretary of State for External Affairs sent out a notice that it should be called, "Canada day" internationally. That is the measure of agreement over there.

Mr. Pickersgill: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order. I think we have had a measure of sharing the health and fair play.

Mr. Pickersgill: On a question of privilege, Mr. Speaker, I was answering a question—

Mr. Diefenbaker: Nonsense.

Mr. Pickersgill: —asked by the hon. gentleman and therefore I was acting within the rules.

Mr. Diefenbaker: No, you were not.

Mr. Pickersgill: Then the right hon. gentleman chose to make a gratuitous observation which was neither accurate, factual nor relevant, all of which goes to show that it is a good idea to abide by the rules.

Mr. Diefenbaker: I so agree with that, and say to the hon. gentleman, "physician heal thyself."

(Translation):

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, since this debate originated from a question I asked last week, I should like to add that I am more confused now than I was when I asked it. We had only two terms at that time, namely "Confederation" and "Dominion" and now we have five, namely "Confederation", "Dominion", "Canada", "National" and "1st of July".

[*Later:*]

(Text):

Mr. Douglas: May I ask a supplementary question. I did not intend to cause the minister to uncork his propensity for political polemics. I was merely asking him if he would take whatever steps are necessary for having a definite name for it by next year. He still has not said whether or not he would.

Mr. Pickersgill: I think the difficulties have been demonstrated.

WATER RESOURCES

BRITISH COLUMBIA—SUGGESTED DIVERSION INTO THE FRASER-THOMPSON SYSTEM

On the orders of the day:

Mr. Frank Howard (Skeena): About a week ago I asked the Minister of Fisheries whether his attention had been drawn to an article in the Trail *Times* which advocated a change in the direction of flow of the Columbia river and sending it into the Fraser. The minister at that time said he had not seen the article. I wonder if he has now seen it and would he care to comment on it?

Hon. H. J. Robichaud (Minister of Fisheries): In reply to the hon. member I wish to say that I have now seen the article in question, and I want to assure him that the interests of the fisheries will be protected in any projects undertaken on the Columbia river.

ROYAL CANADIAN MOUNTED POLICE

REGINA—INTERVIEW WITH APPLICANT FOR CANADIAN CITIZENSHIP

On the orders of the day:

Hon. Lionel Chevrier (Minister of Justice): I should like to reply to a question which was asked some time ago by the hon. member for Burnaby-Coquitlam concerning a resident of Regina who applied for citizenship and was subsequently interviewed by Corporal Young of the Royal Canadian Mounted Police.

This resident of Regina, as a result of having made application for Canadian citizenship, was indeed subject to a routine investigation by the Royal Canadian Mounted Police on behalf of the Department of Citizenship and Immigration. In this instance, however, due to the person's admitted association with known communists, the investigation was extended beyond the normal records check. This man was questioned on no subject but his alleged communist association. There was definitely no suggestion that he give information on other persons as a means of obtaining his citizenship. I have no information as to any other political activities of this man as the Royal Canadian Mounted Police made no inquiry of such a nature.

Suggested Extension of Family Allowance

I understand this individual's application for citizenship is now before the Department of Citizenship and Immigration for determination.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question? In view of the fact that the associations which are allegedly communist are denied by this man, does this not point up the advantage of having the kind of appeal board which we in this corner of the house have been asking for repeatedly?

Mr. Chevrier: As my hon. friend knows, I replied to that question yesterday and there is nothing more that I can add.

(Translation):

NATIONAL CAPITAL COMMISSION

REPORTED STOPPAGE OF WORK ON PARKWAY

On the orders of the day:

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I should like to answer the question which was asked by the hon. member for Pontiac-Temiscamingue concerning works along the Ottawa river.

There has been no interruption of the works on the Ottawa river parkway and everything is going in accordance with the commission's master plan. If progress was delayed in one area, that is the one between Island Park drive and Churchill avenue, it was because the commission could not close off the north end of Churchill avenue before that stretch was transferred to the commission by the city of Ottawa.

The national capital commission had some trouble in convincing the city of Ottawa to surrender certain arteries of major and secondary importance but, on June 21 of this year, the municipal council agreed to the commission's request and the transaction will be completed when certain technical details are taken care of. A settlement should be reached in the near future.

(Text):

SUPPLY

The house resumed from Tuesday, July 2, consideration of the motion of Mr. Gordon for committee of supply.

SUGGESTED EXTENSION OF FAMILY ALLOWANCE COVERAGE

(Translation):

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, during the next few minutes, and before the question is put on the main motion, I would like to submit a grievance to the house, which I and the whole Canadian people think should be raised at this time.

When the house goes into committee of supply, opposition members traditionally avail themselves of this opportunity of raising important questions. May I tell you today that I am particularly concerned about the fact that hon. members opposite seem to have forgotten a promise made by the Liberals during the last election. I am thinking of the promise made by the hon. Prime Minister (Mr. Pearson) himself when he stated that family allowances should be paid to children over 16 who are still going to school. I have here an official statement which the Prime Minister made in Sydney, Nova Scotia, on March 1, 1963:

(Text):

> The Liberal program will extend family allowances to children beyond the age of sixteen. This is for boys and girls who remain in school.

(Translation):

Indeed, Mr. Speaker, you know that all political parties represented in this house had incorporated that item in their platform in the last election.

I have here the program of my own party and I see that, in the field of social security, the following point had been included: increase of social security. A portable pension plan, a contributory retirement plan, and old age pensions were mentioned, as were family allowances up to the age of 18 for children who were continuing their studies.

Moreover, in order to prove that there was unanimity as to the significance of such legislation, I shall quote the statements in the house of the spokesmen of the various political parties during the last session, in 1962-63.

Here are, for instance, the words of the Prime Minister, who was then leader of the opposition, according to page 72 of *Hansard* for the 1962-63 session:

> Family allowances should be extended from age 16 to age 21 for all those boys and girls who are continuing their education.

There is also the following statement by the representative of the Social Credit party, the hon. member for Villeneuve, on page 138 of *Hansard*:

> —a suggestion already put forward by Social Crediters since 1945, that is to grant family allowances to all children who continue their studies until they are 21 years old.

Even the hon. member for Quebec-Montmorency, who is now sitting in the house as an independent, also declared himself in favour of such a policy during the same debate, as reported on page 156.

During the last federal election, the New Democratic party took the same stand and declared itself in favour of such an extension of family allowances.

Therefore, Mr. Speaker, everybody, without exception, would support such a measure; but what is being done about it today?

Was there any mention of it in the speech from the throne? No. Did the famous budget speech say anything about that? Again, no. Was a resolution put on the order paper in that connection? No.

Where are those people who spoke of immediate action and who led every Canadian father and mother to believe that starting next September every child of 16 years and over who is still attending school would be entitled to family allowances? We hope that the Minister of National Health and Welfare (Miss LaMarsh) will be able to meet the Minister of Finance (Mr. Gordon) who, when he is not in the house, spends his time receiving delegations and reading letters and telegrams of protest about the 11 per cent sales tax on building materials which is ruining that sector of our economy. We hope that she will be able to meet him and discuss the possibility of making this happy announcement in the nearest possible future.

Mr. Speaker, I feel it is most unfair to the fathers and mothers of Canada that no legislation has yet been introduced in that connection after all four political parties represented here have committed themselves in that respect.

(Text):

Mr. Speaker, it might be thought that since I represent a riding in the province of Quebec my views are expressed from the standpoint of that province only. However, I find on inquiring from my colleagues from other provinces that there is general agreement in our party on this matter. As I have just stated in French, during the past election campaign the extension of family allowances to age 18 for those still in school was advanced as a party platform all across Canada. It seemed to be a reasonable and necessary step. Between the ages of 16 and 18 is a crucial period in the life of many young people; they are often undecided whether to continue in school or drop out. In most provinces school attendance is not compulsory after age 16, and the urge to get a job is very great.

Approximately seven weeks from now, September 1, marks the opening of another school year. Many students, especially boys, will fail to return to school, and these boys in the 16 and 17 year age group will be throwing themselves on to the labour market. A large percentage of them will be accepting menial employment, the nature of which will not be suitable for a life's work or a useful and profitable career. There are many individual reasons for this trait or trend, but the main reason is the financial inability of many parents to maintain their families and at the same time bear the expense of keeping their children of high school age in secondary school. At this uncertain time the continuation of family allowances might be the deciding factor which would enable a young person to stay in school. If for no other reason, this extension would be justified and should be implemented right away. At the same time it would be a help for those who plan to stay in school anyway.

Now the first 60 days have passed and nothing has been done in this case. In another 60 days our young people will be either going back to school or dropping out, and they are left in a state of uncertainty. This is just one more subject on which the government has left the people of this country in doubt. Why is this solemn promise, made to such a large percentage of Canadian parenthood and Canadian youth across this country, not kept? This is the question we are asking the government. We would like to have an answer right away and we would like to have action as soon as possible.

(Translation):

Mr. L. P. Antoine Belanger (Charlevoix): Mr. Speaker, since we are now dealing with the spending of public funds and more particularly with the distribution of expenses, may I remind the government—

(Text):

The Acting Speaker (Mr. Batten): Order. Is the hon. member speaking on the same grievance as the last hon. member?

(Translation):

Mr. Caron: Are you speaking of the same grievance?

Mr. Belanger: Mr. Speaker, I wanted to speak about the unemployment situation—

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, if I may, I should like to remind the hon. member that under standing orders when a member has stated a grievance, the debate ends only when all those who wish to participate in the debate have done so. Consequently, no further grievance can be stated until the first issue is settled.

For the information of my hon. friend, the Speaker asked whether all those who wished to take part in the debate opened by the hon. member for Nicolet-Yamaska (Mr. Vincent) had concluded their remarks. If that is the case, I feel that the hon. member for

Charlevoix could carry on and raise another grievance.

Mr. Belanger: Mr. Speaker, I wonder if the house would consent—

(Text):

The Acting Speaker (Mr. Batten): Is there any other hon. member who wishes to speak on the first grievance?

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to deal with the topic which was raised by the member for Nicolet-Yamaska (Mr. Vincent).

As my friend stated so rightly, the members of our group are most surprised that there has been no mention either in the speech from the throne or in the budget, of extending family allowances to children of 18 years of age. Indeed, during the last election campaign, the Acting Prime Minister, the hon. member for Laurier (Mr. Chevrier), went from one end of the riding of Joliette to the other promising on his honour that the eligible age for family allowances would be raised from 16 to 18 if his party formed the next government.

Now that they form the government, the Liberals do not say a word about that. Not a single member on the government side has expressed the wish—

An hon. Member: Wait a second.

Mr. Pigeon: —to have the floor and challenge the government to carry out its election promises.

Mr. Speaker, I feel that the government has not lived up to its responsibilities. It would be logical to extend the benefits of family allowances to children of 18. That was part of our platform and the hon. member for Three Rivers (Mr. Balcer) advocated the adoption of such a measure, on behalf of our party, during the election campaign.

I am not surprised that no provision was made in the budget for the extension of family allowances. Since the Minister of Finance (Mr. Gordon) consulted financial experts, why did he not also consult experts of the eastern provinces, of the province of Quebec and of the western provinces? He would probably have been advised to extend the application of family allowances as promised. The government did not fulfil its obligations.

I would be happy, for instance, to see the hon. members for Outremont-St. Jean (Mr. Lamontagne), for Bonaventure (Mr. Bechard), for Gaspe (Mr. Cyr) and even the hon. member for Cochrane (Mr. Habel) rise in this house and accuse their own party of not having fulfilled its promises. But no, Mr. Speaker, they say not a word.

I notice that the hon. member for Outremont-St. Jean, the President of the Privy Council, stares at me in open-eyed surprise. Mr. Speaker, one may say that, in a way, he has engineered our budget, naturally with expert help. He also has engineered the speech from the throne, but he has not thought of including in the legislation—

Mr. Lamontagne: I am not an engineer.

Mr. Pigeon: —a bill extending the eligible age for family allowances. The hon. member for Outremont-St. Jean should resign on the spot. As we know, Mr. Speaker, he ran twice in the county of Quebec East. The voters sent him packing, and with good reason, for it was notorious that he was incapable of implementing his promises. He finally had to run in a safe constituency of Montreal, and it seems evident that if the hon. member—

The Acting Speaker (Mr. Batten): Order. The hon. member will admit that his present comments have not much to do with the matter in hand. I would ask him to revert to the substance of his speech.

Mr. Pigeon: I bow to your decision, Mr. Speaker, but I do feel that my observations are related, even if indirectly, to the promises made in the last electoral campaign by those who are today on the treasury benches.

When I refer to the hon. member for Outremont-St. Jean, I know, as I said, that he was the engineer of his party's program, and, if I am not mistaken, he has even talked about increasing family allowances. That is why we would appreciate it on this side of the house, as hon. members of other parties, if the hon. member for Outremont-St. Jean would only stand up and give the reason why the government has not decided to introduce a bill or a resolution to extend the age limit for family allowances.

Mr. Speaker, the government failed in its responsibilities. And that responsibility rests heavily on the shoulders of the hon. member for Laurier and of all hon. members who sit on the government side.

We should like to hear the Minister of National Health and Welfare (Miss LaMarsh) —as we know, she was on the truth squad—

speak the voice of her conscience and of her party's conscience.

Mr. Speaker, those are the few observations I wanted to make. I think we, on this side of the house, were justified in raising that matter. I should like to commend publicly the hon. member for Nicolet-Yamaska for having pointed out that important grievance and we regret that the government has not only introduced the most centralizing budget since confederation but has at the same time introduced no measure to assist Canadian families and to extend, for instance, the eligible age for family allowances.

I hope the hon. member for Outremont-St. Jean will stand up and give us the reasons why his party has not carried out the promises made during the last election. If he cannot take his responsibilities, let him resign and I think the electors of the province of Quebec would be quite happy over such a decision coming from him.

Mr. Deputy Speaker: The hon. member for Chicoutimi (Mr. Côté)—

Mr. J. A. Habel (Cochrane): Mr. Speaker, precisely on the same subject, I wanted first—

Mr. Deputy Speaker: Order. The hon. member for Chicoutimi.

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, if there is one party in the house which has concerned itself with family allowances, I believe it was the Social Credit party. It is the party which has been most active in promoting family allowances in Canada. I believe the Canadian people should give us credit for having been the great promoters of family allowances for the welfare of families.

Family allowances represent in themselves an increase in purchasing power. That is what we are constantly preaching, an increase in the purchasing power of consumers, an increase in the purchasing power of families, of Canadian mothers and fathers, because we are aware that Canadian families do not have enough purchasing power to buy the production of our country.

That is one of the great problems which is facing us and which we must ponder constantly.

Moreover, we know that family allowances are also a kind of dividend. They are somewhat like a dividend distributed to all the citizens, to all the children of Canada. Because this method of distributing revenue is so popular, it is very much favoured by our party.

Suggested Extension of Family Allowance

Now, I should like to emphasize this. We have heard our friends, the Conservatives, talk about this subject and they moved us deeply when they talked with sobbing voices, as it were. When they were 208 on the government side, I was wondering why, at that time, they never thought of increasing family allowances.

Mr. Pigeon: Would the hon. member permit me a simple question?

Mr. Côté (Chicoutimi): Certainly.

Mr. Pigeon: Would the hon. member for Chicoutimi tell us—because our program contained many items we wanted to put forward, including that of extending the period of eligibility for family allowances—why his party, with the help of the Liberals, overthrew us in this house?

An hon. Member: Because you did not increase family allowances.

Mr. Pigeon: Why did you prevent us from carrying out our program, which included family allowances?

Mr. Côté (Chicoutimi): Because we had too many promises from you which you did not fulfil.

Mr. Pigeon: Well, all you had to do was to give us the time.

Mr. Côté (Chicoutimi): Mr. Speaker, we feel the time has come to adjust family allowances to the cost of living, which has greatly increased.

Families are in the tragic situation where they cannot face this constant increase in the cost of living.

Recently, for instance, there was an increase in the price of milk, bread and sugar, essential products all. In the case of sugar, for example, there was absolutely no reason for the increase in price. There are now in the world countries which could supply us with all the sugar we need.

Some hon. Members: Order.

Mr. Côté (Chicoutimi): I am again referring to family allowances, Mr. Speaker, to point out that the price increase of those products which are essential to life—bread, for instance, which is produced in abundance in this country—is inexcusable and unacceptable, when we have in Canada millions of bushels of wheat for which we cannot find any use.

That is why it is necessary to increase immediately family allowances to adjust them

to the cost of living. One must not forget that family heads are responsible for their children's education and, for this, they must have an extra income.

In order that parents be able to keep their children in school even until the age of 21, family allowances must be in keeping with the cost of living.

Mr. J. A. Habel (Cochrane): Mr. Speaker, I shall be brief and this way my hon. friend from Timmins (Mr. Martin) will probably have the opportunity to speak.

The members of the opposition have the privilege to raise grievances on such an occasion. However, I could not help being surprised to note that the hon. member for Nicolet-Yamaska (Mr. Vincent), had decided to talk about the matter of family allowances and that he was followed in that line by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) because if my memory serves me right they were both members or, at least, they both sat on the side of the former government and they could certainly have raised that matter during those six years of administration.

Since the Conservative party always shows diffidence in taking decisions, and only after the Liberal party had decided to include in its political platform the payment of allowances to school children between 16 and 18 did the members of the opposition decide to approve the idea, and today they are surprised to find that the matter has not yet been submitted to the house.

I heard a while ago the hon. member for Nicolet-Yamaska say that the 60 days are over and still nothing has been heard about that. Mr. Speaker, a lot is being said about those 60 days. However, if the hon. members of the opposition would read again the statements made by the Prime Minister (Mr. Pearson), during the election campaign they would find that reference was always made to 60 days of decision. Those decisions have been taken and now it is up to the house to act accordingly.

It is not by listening to speeches like those we have heard since the beginning of the session that the house will be in a position to take the necessary measures to solve present problems. As soon as the most urgent problems are solved, I am confident that the party which promised to pay those allowances to children between 16 and 18 will find a way to bring before the house the legislation to do that.

[Mr. Côté (Chicoutimi).]

Needless to say the hon. members of the opposition should remember that in 1944 the government of that time had to fight to have the bill establishing family allowances passed. In fact, some Conservative members were so opposed that they left their party. Briefly, the Conservative party still feels the effects of those defections, because some of its leaders were against family allowances.

Perhaps the hon. members of the opposition would gain by reading again the story of 1944 and 1945. They would understand then that if it is an item in an election platform, or even what may be called an election promise, the government must first of all take the necessary time to restore the country's finances and then fulfil its promises.

I am fully aware of the qualities of the present Prime Minister and of his ministers—but as the hon. member for Joliette-L'Assomption-Montcalm demands their resignation, I ask why he did not resign during the six years his party was in office, and paid no attention at all to the matter under consideration.

Mr. Speaker, it is proper that this question should be discussed now, and it is the privilege of opposition members to discuss it. However, to be frank, I must say that I am astonished at their lack of information. In my opinion, they should have raised the question quite differently, because they are so vulnerable especially after the promises they made in 1957 and in 1958, promises they never kept.

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, would the hon. member allow a question?

Mr. Habel: Certainly, with pleasure.

Mr. Lessard (Lake St. John): Since the government was first of all to balance the country's finances, can the hon. member tell me why the present government's first action was to acquire nuclear arms when they could have also kept other promises made during the election campaign?

Mr. Habel: Mr. Speaker, I am perfectly at ease to reply to this question. In my opinion, an undertaking is an undertaking and I am sure that the only country to profit from Canada's refusal to accept its responsibilities would have been communist Russia. In addition, I am sure that the hon. member who just asked that question would be the last man to support communist Russia.

Mr. Deputy Speaker: Order. Can I remind the hon. member that at this time we are on a particular grievance concerning family allowances?

(Text):

Mr. M. W. Martin (Timmins): Mr. Speaker, I am very pleased to take this occasion to lend our views to the support of this grievance which has been raised by the hon. member for Nicolet-Yamaska (Mr. Vincent). It seems almost wearisome as we go down through the years, lending our support first to the Tories, who implore the Liberals to bring family allowances up to what they should be, and then to the Liberals who plead with the Tories to do the same thing. Now the kettle has displaced the pot, and once more the Conservatives are pleading with the Liberals to do what they should have done when they themselves had the opportunity. It seems to me a sort of smokescreen which each party seems delighted to raise. By raising this smokescreen perhaps they think that if they make it thick enough they can pull the smoke over the eyes of the Canadian people. Perhaps they think that if they point the finger and shout hard and long enough at the other fellow they can get the Canadian people to take their eyes off themselves so they will not see how they shirked their responsibility to do something about the matter when they had the opportunity.

Mr. Speaker, if we look across the country from coast to coast we see the result of a great deal of expense which governments present and past have gone to in order to advertise the need to keep our young people at school and provide for their education. At the same time as they spend all this money on this advertising program they cut our children off the family allowance at the age of 16, and by so doing undo any good they might be doing in the other direction. Year after year we see the cost of living steadily climbing, but neither this government nor its predecessor seems to think that the family allowance program should bear any relation to the cost of living.

We have supported this question in the past, we are supporting it now and we will continue to support it. If the family allowance was a good idea back in 1945 when it was first passed—and we say it was because we supported it at that time—we say that it is still the same good idea today. We say that this allowance should have the same purchasing power today that it had when it was approved in 1945. There is not much use putting good measures on our statute books if we just forget about them until perhaps public pressure has so built up at some future date that the government, in fear and trepidation, just prior to an election or something like that makes some gesture in this regard. This legislation is good legislation. It was good legislation when it was passed and it should be kept up to date. I have one final word of warning for this present government, Mr. Speaker. We are living in a very rapid age. It took 22 years for the Canadian public to get fed up with the previous Liberal government. It took only six years to get fed up with the Conservative government. This government has only 60 days behind them and, Mr. Speaker, if you look at your daily newspaper you will find that the Canadian public are already getting fed up again. I say, Mr. Speaker, that this government should look about them and realize that the games they used to play in the past are no longer good for this present day.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, I should like, at the outset of my remarks, to point out to my good friend the hon. member for Cochrane (Mr. Habel) that the gentleman who submitted the grievance discussed this afternoon was not a member of this house prior to June 1962. Consequently, he could not speak on behalf of the people to the Conservative party in order to obtain this much needed legislation which was made an issue in an election campaign throughout the province of Quebec, specifically to gain the people's confidence.

We heard several hon. members for instance, among others the hon. member for Chambly-Rouville (Mr. Pilon), either on the radio, on television, or in public meetings, promise emphatically to the people of Quebec, that, as soon as the Liberal party was in power legislation would be passed to enable parents to receive an extended family allowance until their children reached the age of 18.

During the election, nothing was said about this legislation being introduced in the more or less near future. On the contrary, they said: "As soon as he takes over, the leader of the Liberal party will introduce some legislation to that end."

The hon. member for Cochrane voiced some unjustified criticism, because when the Conservative party promised to introduce social measures, action was taken immediately. Indeed, in 1957, when the Conservative party

included in its platform legislation to increase old age pensions, it did not happen six months or a year later, but the bill which raised the old age pension rate from $46 to $55 was passed immediately during the first session.

If that grievance was raised today, it was because the present government failed to introduce, as soon as it came into power, a resolution or measure which would have been in keeping with its propaganda during the last election, more particularly in the province of Quebec.

We, in the Conservative party, also included such legislation in our election platform though, with the specification that, wherever the provision existed, as in Quebec, for instance, the children might get a double family allowance. But no, rather deprive the Canadian taxpayer than help him.

Speaking of the 60 days of decision, the hon. member for Cochrane said that we would now see some action. That might be, but what have those 60 days of decision given to the people of Canada? They have brought about a tax increase with the 11 per cent tax on building materials. They have—

Mr. Deputy Speaker: Order. I am sure the hon. member will understand that he cannot deviate from the grievance under consideration as he is doing at present. I trust he will also recognize that his remarks on the 11 per cent sales tax on building materials are irrelevant.

Mr. Paul: You are quite right, Mr. Speaker, but I respectfully submit that I was just calling the attention of the house on a problem, not making any comment on it. If I refer to the 11 per cent sales tax on building materials, it does not mean that I intend to deal with that issue. I merely wish to draw this matter to the attention of the house.

An hon. Member: I am here, yet I am not here.

Mr. Paul: When the Liberal party decided to abolish the subsidy of 25 cents per hundred pounds of milk which was paid to farmers, that was surely not a progressive measure.

An hon. Member: Order.

Mr. Paul: To continue my remarks on the point under consideration, Mr. Speaker, when the government removed the subsidy of 50 cents per ton of lime bought by farmers, that was not a progressive step either.

[Mr. Paul.]

If the government had wanted to be honest with themselves, they should have introduced a motion in that respect immediately. I must commend the hon. member for Nicolet-Yamaska for having raised that question which is of the utmost importance because it was promised that the legislation in that connection would come into effect no later than next fall. And I wonder how the Minister of Finance (Mr. Gordon), who is so anxious about the welfare of the people, will be able today to achieve balance in the administration of the country since his budget speech. I wonder if he should not also contribute to balance the family budget by increasing the family allowance rate for children between 16 and 18.

Mr. Speaker, it is a measure that deserves criticism because it was the cornerstone of an election campaign devised to force the confidence of the people. In fact, I am of the opinion that the Liberal party, on that matter as on many others, fails lamentably, and I would not be surprised if, in the end, that measure were granted to children of school age, not by a Liberal government but by a Conservative one anxious to fulfil the promises included in its platform.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I do not intend to speak at length on the grievances just raised by the hon. member for Nicolet-Yamaska, because I think that my fellow member for Cochrane (Mr. Habel), replied to the allegations of hon. members opposite as well as I might have done. There are, however, certain remarks I want to make at this time.

The grievance raised at this time concerns the fact that the government has not as yet extended family allowances in the case of children from 16 to 18 years of age, as the Liberal party promised during the last election. My answer in respect to this is clear and concise. That promise is part of our platform and we shall carry it out. We shall see to it that this very important measure is enacted, not only because it was promised by the Prime Minister who always keeps his word, but because it is essential for Canadian families that such extension is granted. We would not like the program we advocated during the last election not to be enacted.

On the other hand, I want to remind hon. members opposite that we have been in power a little over two months now and during that period we have only to look at the order

paper to see what we have accomplished. In 60 days, it is impossible to enact a program which normally takes four years. During those few days we have tried to place before the house—we actually have put it on the order paper—what we think should have particular priority. I do not want to say that this extension is not needed and that it should not have priority, but in the Prime Minister's statements with regard to his emergency program, either before or during the last election there was no question of such a measure.

At any rate, we only have to compare the order paper with that of our Conservative friends to find that there is actually some substance in it.

The resolution and the bill we examined concerning the establishment of a department of industry, one of the objectives of which would have been to bring assistance to underdeveloped areas—

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, I would like to point out that in his remarks the Minister of Justice is roaming quite far away from the grievances under consideration at present. The Speaker deemed advisable to call me to order a moment ago because I had raised a point which had been considered by the house. Now the Acting Prime Minister dares to make comments on existing legislation.

I submit that he must obey the rules like any other members.

Mr. Chevrier: Mr. Speaker, what I was trying to do was give the reasons why in the 60-odd days since we took office, it had not been possible to implement that part of our program and to explain my point, I tried to put on the record what we intended to do. However, if my hon. friend feels this is out of order, I will tell him this: Since he had something to say, since he complained that in those 60 days, we had achieved nothing, since he has made so much fuss about this matter, why was it that over the past six years, he and his colleagues were unable to convince the Conservative party that they must give assistance to those who need it and increase family allowances or at least extend their coverage? What was he doing all those years?

Besides, we have only to ask ourselves the following question, Mr. Speaker: Who was responsible for the adoption of the family allowances act if not the Liberal party? And it was responsible not only for the creation of family allowances but for the establishment of a whole social security program. I am also asking this other question: What party, when the family allowance bill was under consideration, opposed it if not the Conservative party?

Therefore, I am quite at ease when the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), with his reasonable and logical arguments, is trying to complain about our stand because he must have forgotten that his honourable friends in the Conservative party before he even came to the house, strongly opposed family allowances. Has he forgotten that one of his party leaders—

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I rise on a point of order.

(Text):

An hon. Member: You don't like it.

Mr. Pigeon: What do you say? If you want to speak, stand up.

(Translation):

The hon. member for Laurier is attributing to us remarks and intentions we do not have, since according to our platform, we intended to provide an extension of family allowances to children from 16 to 18, which shows that the hon. member for Laurier had no call to say that.

Mr. Chevrier: Mr. Speaker, the hon. member should know the rules and if he does not, he should at least be kind enough to read them because his point of order is not genuine. He would be entitled to address himself to another very soon and explain his position.

I want to say this. When the Liberal party introduced family allowances in Canada to the house, I was present and I know who were those who objected; they were the Conservatives, one of whom unfortunately is not here any more, as well as the one who later became the Leader of the Opposition who also objected to them in his speeches. But when a vote was taken on family allowances, even though they had been opposed to that legislation, they did not have the courage to stick to their opinion and they voted for it except for the hon. member to whom I referred earlier for he had the courage to vote as he had spoken, clearly and definitely against family allowances.

An hon. Member: Talk about nuclear arms.

Mr. Chevrier: As my hon. colleague the Secretary of State (Mr. Pickersgill) is reminding me, the former premier of Ontario, Mr. Drew, declared himself against family

allowances and spoke against the measure. Therefore, my hon. friends opposite should not get unduly excited. What surprises me about the hon. member for Nicolet-Yamaska (Mr. Vincent), the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) and the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul) in particular, is that for six years they had or at least should have had the opportunity to make representations to their party in that respect. Did they talk about it in caucus? They probably did. But they were never heard because they had no responsibility and because the Conservative leaders did not take them seriously.

Mr. Clement Vincent (Nicolet-Yamaska): Mr. Speaker, I rise on a question of privilege. The Minister of Justice stated that some of us did not say a word at the caucus during six years. It was absolutely impossible for me to attend the caucus during the past six years because I have been representing the riding of Nicolet-Yamaska only since June 18, 1962.

(Text):

The Acting Speaker (Mr. Batten): Order. I do not think the hon. gentleman has a true question of privilege. If he wishes to refute something the Acting Prime Minister is saying he will have his turn when the present speaker is finished.

(Translation):

Mr. Chevrier: Then, to come back to what I was saying, and if I offended my hon. friend, well, I may tell him right away that my observations apply to his two colleagues and not to him, because he has given an explanation and I am sure the house will take good note of it.

Now, it was suggested a while ago in the other part of the house, and I think it was the hon. member for Timmins (Mr. Martin) who complained that the Canadian people were fed up with the Liberals because of certain statements they made. While I am on this matter of family allowances, I admit, Mr. Speaker, that the C.C.F. party as it was called at that time did not object to family allowances but its supporters did not show much enthusiasm if I well remember their attitude at that time. However, they did not want to get caught the same way as the Conservatives. But, after all, they did not show as much enthusiasm as they have on some other matters of public welfare in this house.

To conclude, I should like to recall that before the 1962 election, the hon. member for Three Rivers (Mr. Balcer), speaking on television, condemned the Liberal party for having done nothing concerning the family allowances, completely overlooking the fact that it was the Liberal party which had established family allowances and he went on to state clearly that if the Conservatives were returned to power, he would show the Liberals what an effective, alert, and well-informed administration could accomplish. Well, neither the hon. member for Three Rivers, nor the member for Nicolet-Yamaska, nor the member for Joliette-L'Assomption-Montcalm, nor the member for Berthier-Maskinonge-Delanaudiere succeeded in convincing the government of the time to do anything at all.

Now, Mr. Speaker, I say to them that if they have a grievance, it must be directed first of all against their government which during six years did absolutely nothing in that respect. You can speak the way you do all you like, but it is a fact that during the election campaign, you were in agreement as you are when you sit on the other side of the house, but when you sit on this side, you are divided, you work aside from your party. And the best evidence of that is that 11 of your ministers, as my colleague was saying last night, resigned in less than 11 months. Disagreement existed in your government and it existed in your party.

I conclude by saying that we have a policy on family allowances. We did mention it during the election campaign and the program will be fully carried out but give us a chance to catch our breath. We must be given sufficient time to see what should be done. If that is not enough, do not forget that we did much more in 60 days than any other government since confederation.

Mr. Pigeon: Would the Minister of Justice allow me a question?

Mr. Chevrier: Certainly.

Mr. Pigeon: During the last election campaign, the minister and his party promised that as soon as they would form the government they would introduce a bill or a resolution to extend family allowances.

An hon. Member: To age 21.

Mr. Pigeon: How is it that the moment they came to office, no mention of it was made in the speech from the throne? That, then, is lying to the people, it is one or the other.

Mr. Chevrier: Mr. Speaker, I like the way my hon. friend asks his question. He speaks of lying to the people. All I shall tell him is this: the right hon. Prime Minister's statement was clear and precise. It was not circumspect, not preceded by words such as "as soon as we come to office". He said we were going to do what we could to achieve as quickly as

possible what we felt to be in the common and general interest of this country. By that I do not mean that extending the eligibility period for family allowances is not of the utmost importance, but I say that as soon as we have the opportunity of fulfilling that promise, it will be kept the same as the others.

(Text):

Mr. G. L. Chatterton (Esquimalt-Saanich): I did not intend to join the debate on this grievance, but having heard the Acting Prime Minister (Mr. Chevrier) I think I should say a few words. The Acting Prime Minister has just said that the government is going to fulfil its promise to extend family allowances. The question to which he did not give an answer was when. The Acting Prime Minister tried to indicate that there are so many items on the order paper they could not find space for this important measure. There is apparently a question of priorities.

Surely, Mr. Speaker, it should be obvious to any member of the house, just as it is to the people of Canada, that an amendment to the Family Allowances Act would be an extremely simple matter, and would be one which would meet with no opposition. If the house leader decided to introduce that measure it would go through in very short order because I doubt if anybody in this house would object to it. The Acting Prime Minister asked the question, what did we do in our six years in office? The point is that we had not previously promised to do this. During the last election campaign the Liberal party promised it.

I have before me an issue of the Victoria *Daily Columnist* for March 31, 1963. In an advertisement I find the heading "Opportunities for Youth", and under this heading there is the following:

> Extend family allowances beyond the age of 16, for boys and girls who remain students.

Now, Mr. Speaker, this was in April—I beg your pardon, this advertisement was published in March. Many families across the country expect this measure to be introduced before next September. Many families are in a position where they are not certain whether or not the boy or girl shall continue in school. These families expect this measure to be put into effect before school starts in September. Where do they stand now?

The house leader has indicated to us that there will be no further measures put on the order paper before this session ends. In other words, we understand that the Family Allowances Act amendment will not be introduced. What do these people do now? Should they send the pupil back to school or should they not? This is the question that has not been answered by the Acting Prime Minister.

If this were the only promise the Liberals had made during the last election campaign which they do not intend to fulfil, we might accept that as one of the things that could not be implemented. You cannot fulfil all the promises. However, there are so many others about which nothing has been done that the people naturally become suspicious about whether or not the Liberal government is going to fulfil this promise. For example, in the same advertisement and under the same heading, "Opportunities for Youth", there is a reference to establishing Canada scholarships for university education. No reference was made to this in the throne speech. There has been no action on this promise by the government. Surely, therefore, the people are justified in being suspicious as to whether or not the Liberal government will fulfil this promise about family allowances.

The next promise relates to health care. In the same full-page advertisement, which must have cost quite a lot of money—

Mr. Pickersgill: I am rising on a point of order, Mr. Speaker. The hon. member for Charlevoix (Mr. Belanger) sought permission of the house to raise another grievance. It seems to me that the hon. member for Esquimalt-Saanich (Mr. Chatterton) is departing from the grievance that is before the house and raising a series of other matters which are irrelevant to the grievance before us. It is quite unfair to deprive the hon. member for Charlevoix of his turn to raise a specific grievance. It seems to me the hon. member for Esquimalt-Saanich should stick strictly to the question of family allowances or give way to the hon. member who has the right to the next turn.

Mr. Martineau: If I may speak to the point of order raised by the Secretary of State, I would say his point of order cannot be entertained. The hon. member who has the floor is simply replying to the Acting Prime Minister. The Acting Prime Minister gave as one of the reasons for the failure of the government to fulfil this promise the fact that many other promises had been made and had to be fulfilled. What the hon. member is doing now is simply replying to the Acting Prime Minister, and saying that his reason is not a valid excuse. This is the reason he has brought up the other matters, but he is dealing directly with the grievance that has been proposed by the hon. member for Nicolet-Yamaska (Mr. Vincent) and is not straying to another subject.

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Mr. Chatterton: In so far as the point of order is concerned, I may say that I know hon. gentlemen on the other side do not like the comments. They try to avoid these questions. The point I was trying to make was this, and it is pertinent to the grievance: If this were the only promise made upon which the Liberals had not taken action, then we might excuse them. However, there are many other promises that have not been implemented. I referred to the promise about health care upon which the Liberals have taken no action. These remarks are pertinent in that they point up the fact the Liberals have made so many promises that have not been kept, and this is one promise they do not intend to keep before school starts in September.

The Acting Speaker (Mr. Batten): I feel the discussion is getting away from the original grievance. If we do get away from the original grievance, then it is difficult to get back to that grievance with which the house started. I would suggest the hon. member might get himself out of his present difficulty by staying as closely as possible to the original grievance.

Mr. Chatterton: Thank you, Mr. Speaker. I am sorry if I have strayed into another field which is disliked so much by hon. members opposite. I shall, therefore, stick to the grievance.

I will conclude by saying that I hope hon. members opposite will keep in mind my point that school starts again in September and many families want to know before that time whether or not the family allowance measure will be introduced. I hope the house leader will put the measure on the order paper before the session ends. If he does, I am sure he will get the complete support of all of us.

Mr. D. S. Macdonald (Rosedale): I should like to ask the hon. member a question. I understood he indicated that if the family allowance measure were put on the order paper it would be passed immediately. Is he undertaking, on behalf of his party, not to obstruct this measure as they have the others?

Mr. Chatterton: Mr. Speaker, may I reply to that question? I am surprised at the audacity of hon. members opposite even speaking about obstruction. I would think that would be a word they would never want to hear again. In this session so far, we have been a conscientious opposition—

Some hon. Members: Oh, oh.

Mr. Chatterton: —discussing these proposals intelligently.

Mr. H. A. Olson (Medicine Hat): I wanted to ask a question or two of the Acting Prime Minister at the conclusion of his remarks. I am wondering if it would be in order to do so now or would he rather reply to the questions asked by the previous speaker? If not, I would like to ask him—and I will be very brief in this—whether he has run into some problems now, either administrative or financial, perhaps, in implementing this promise that he did not anticipate when the party made the promise during the last election campaign. If they have found some administrative or financial problems that are delaying the implementation of this promise, I wonder whether the Acting Prime Minister (Mr. Chevrier) could inform the house as to what these problems are and what action the government is now taking to resolve them, so we may have an early decision as to when this promise will be implemented and how much it will amount to when it is made effective.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, in answer to that question I would say that I know—

The Acting Speaker (Mr. Batten): Order. I would inform the Acting Prime Minister (Mr. Chevrier) that he has already spoken on this subject.

Mr. Olson: May I raise a point of order, Mr. Speaker. I did wish to put this very brief question to the Acting Prime Minister immediately he concluded his remarks, but I did not get an opportunity. Therefore I would humbly request that he be given an opportunity to answer the question now.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Batten): Is there unanimous consent that the Acting Prime Minister be permitted to answer the question?

Some hon. Members: Agreed.

Mr. Chevrier: Mr. Speaker, in answer to that question I would say that I know of no administrative difficulties with reference to the matter. In so far as financial difficulties are concerned, there are of course limits to the amount of money available to a minister of finance, and there are also limits to the amount of revenue that can be raised. In so far as the second question is concerned, I presume that when the measure is before the house the Minister of National Health and Welfare (Miss LaMarsh) will be in a much better position than I am to deal with such detailed questions. But in so far as administrative difficulties are concerned, I know of none. In so far as financial difficulties are concerned, one needs to raise the revenue in order to provide for the extension; everything cannot be done overnight.

Mr. Olson: But you were aware of this when you made the promise, were you not?

Mr. Chevrier: Oh, quite; and I think if the hon. member will look at the Prime Minister's promise he will clearly see that everything was not to be done overnight.

Mr. Olson: Sixty days.

Mr. Chevrier: It was a four-year program, and the Prime Minister made that quite clear in his statement on the speech from the throne.

Mr. Chatterton: Mr. Speaker, may I ask the Acting Prime Minister a question. At the time this promise was made during the election campaign, did he have in mind that it would be brought in in one year, two years, four years, or when?

Mr. Pigeon: Six years.

Mr. Habel: It will not take six years, anyhow.

Mr. Chevrier: It was not a question of six years, Mr. Speaker. The Prime Minister clearly indicated during the election campaign that a large part of the program would take a period of four years to implement. The position now is that there are on the order paper quite a number of important matters which, if they were dealt with, with dispatch, would be of tremendous assistance to the economy of the country as, of course, would this measure.

Mr. Chatterton: A supplementary question, Mr. Speaker.

The Acting Speaker (Mr. Batten): Order. I believe we are getting out of order with all these questions and answers. I would refer the hon. member to citation 234 of Beauchesne, which says that on this particular type of motion no hon. member is allowed to speak more than once.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I realize that a number of points have already been made in this regard and I do not wish to take up the time of the house or of hon. members who have other grievances they wish to raise. However, I would appeal to the government to give consideration to placing this matter on the order paper at a very early date. As has been pointed out by the hon. member for Esquimalt-Saanich (Mr. Chatterton), and perhaps other hon. members, the summer vacation is now in effect for students who are attending high school and those who will be attending somewhat more advanced forums of education, and they and their parents have to plan whether they will be able to return to school in the fall term, which commences in most cases in early September. There is, therefore, some degree of urgency in this matter that does not apply to the same extent to other matters. Other matters which the government have on the order paper are very important, we all realize that; but many of them are very complex in their nature and require considerable study and, indeed, debate. This particular matter is one which I think every hon. member of this house would agree on and be prepared to pass very expeditiously.

As has already been pointed out, there is considerable urgency to this matter. In addition to what has already been said in that regard, I would point out—and this applies particularly to the province of Ontario—that because of the program brought into effect by the previous government, in co-operation with the provinces, technical and vocational schools have been built throughout Canada. As I say, a very large number of these are in Ontario. Many of these schools have been completed within the last few months, others will be completed within the next few weeks, and a great many students who might not otherwise have continued their education might, because of the construction of these new technical schools which are financed on a 75 per cent sharing basis by the federal government and 25 per cent by the provinces, decide to further their education. They would not be able to do this if the matter were delayed. For this reason, together with the other reasons advanced, I think special consideration should be given to placing this matter on the order paper as soon as is convenient. We have all these fine, new schools in various parts of Canada, and particularly in my own province, and it would be a shame if they were not used to full advantage. We would be just wasting good money if these splendid arrangements and facilities for providing students with technical training in order to face modern industry, with all its automation problems, could not be taken advantage of to the fullest extent as soon as possible.

Mr. Pickersgill: Mr. Speaker, I wonder whether the hon. member for Oxford (Mr. Nesbitt) would permit me to ask him a question.

Mr. Nesbitt: Certainly.

Mr. Pickersgill: Did the hon. gentleman make the same representations to the present Leader of the Opposition (Mr. Diefenbaker) when he was prime minister?

Mr. Nesbitt: Mr. Speaker, I would be delighted to answer that question. The particular point I was raising was that these technical schools have only been completed in the last few months and because of these arrangements, and wanting to make full use

of these new schools, I suggested that this matter has now a degree of urgency that perhaps it did not have before. I might say that I have always advocated this particular measure.

Mr. Pickersgill: Is the hon. gentleman not aware that many technical and vocational schools have been built in Ontario since he and I were a lot younger than we are now?

Mr. Nesbitt: Of course there are; but now there are more, and with better facilities.

(Translation):

Mr. Jean-Louis Frenette (Portneuf): Mr. Speaker, at the risk of having my colleagues applaud, I wish to say from the outset that I have but a few remarks to make concerning this issue.

Our active contribution to a debate on family allowances will be readily understandable to anyone who is familiar with the policies we have advocated for the past several years. In fact, everybody knows that we are in favour of legislation which will give greater security and which will distribute increased purchasing power among Canadian consumers. Now, we sincerely believe that one of the best ways to achieve this would be precisely to pay family allowances which would be appropriate to the people's needs and which would be adjustable according to any change in the cost of living. I feel that the adjustment of family allowances would be one of the best means the government could take and it would solve once and for all the famous problem of family allowances. Besides, such social security measure would not be any more the reason or the ground, admitted or not, during an election campaign for an auction to the benefit of the voters.

Mr. Speaker, I fully realize that during the debate before the adoption of this measure concerning the family allowances in 1944, the Liberal government at that time had good intentions towards the Canadian people. I am pleased to congratulate it for passing that measure which certainly was very profitable to the Canadian people but I wonder if the Liberals of 1944 were not more generous than their colleagues of 1963 and if the fact that we are asking for an adjustment in the family allowance rate should not be enough to make the Liberals of 1963 ponder the matter and look back and study the action of their predecessors, in 1944, so as to be as generous as they were.

Mr. Speaker, everyone agrees that the cost of living has increased substantially and even doubled since 1944. And yet, family allowances have not followed closely that increase in the cost of living.

The other day, one of our colleagues, the hon. member for Charlevoix (Mr. Belanger) moved a resolution asking the government to study the problem of family allowances and the adjustment we have been demanding for many years.

As expected, Mr. Speaker, that resolution was buried under a shower of kind words and six o'clock came before we had reached a decision. Seeing how our notice of motion was being cremated, many members of Social Credit who were in the house preferred to withdraw. In fact, that is why at one time it was found that there was not a quorum in the house. Mr. Speaker, if we withdrew it was merely because we found it too painful to attend the burial of a measure which, we felt, was of the greatest importance.

A few minutes ago, I listened to the Acting Prime Minister (Mr. Chevrier) reiterate his promise, or rather his party's promise to extend family allowances to children of 21 who are still attending school. I was most happy to hear that and I will take special pain to remember this formal promise he made during the election campaign and which he repeated again in the house.

In view of the limited means we have at our disposal here, I should like to give a piece of advice to government members. In my opinion, the best way for them to be forgiven for the unfortunate taxes which were levied in the budget would be to extend family allowances immediately since that would give a certain compensation to the Canadian taxpayer.

Mr. Speaker, may I also say that I have confidence in the Minister of National Health and Welfare (Miss LaMarsh), that charming lady, who will certainly be moved by the needs of our children for whom we cannot even get milk any more, one of the essential elements of life. Consequently, I appeal to her heart and feminine generosity to influence the government favourably so that we may very soon pass without debate, it is my conviction, legislation that would at last enable our children to get what they need, while increasing the purchasing power the people need at present.

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I wish to take part

briefly in this debate raised by my hon. friend from Nicolet-Yamaska (Mr. Vincent). First of all, I would like to congratulate him for having raised this grievance in such an efficient way and also for taking the first opportunity to remind the government in office of the measure it promised to carry out upon taking office.

Evidently, it is not surprising to see our friends opposite change their minds and try with eloquence and by all possible means to mask their impossibility to fulfil their electoral promises.

They have to resort to very ancient history to justify their present attitude. The best they can do, is to remind us of the words spoken here, in days of old, by one of our former colleagues, and pretend that these words have been endorsed by all the members of the Conservative party.

According to the hon. members opposite, the Conservative party has done nothing at all in the realm of social security during the six years it remained in power.

However, Mr. Speaker, hard facts speak louder than the allegations of our Liberal friends, and point in the opposite direction.

In the field of family allowances, during the fiscal year 1956-1957, the Liberals spent a total sum of $398 million, while under the Conservatives, family allowances in 1962-1963 amounted to $536 million, which represents an increase of 35 per cent.

Mr. Speaker, this is the way the government to which I have had the honour to belong met its obligations concerning family allowances.

May I add, Mr. Speaker, that we have adopted many other social measures by which Canadians have benefited. For instance, we have increased old age pensions as well as pensions to the blind, to the handicapped persons, and we have noticeably increased and improved hospital grants.

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, would the hon. member allow a question?

Mr. Ricard: Mr. Speaker, if the hon. member would obligingly wait until I am through with my remarks, I will be pleased to answer his question.

For 38 years, our predecessors promised hospital insurance and it took us, Conservatives, only a few years to put such a scheme into effect.

I realize that hon. gentlemen opposite and especially the Minister of National Health and Welfare (Miss LaMarsh) do not like me to mention those facts, but I am just following the example set by the Minister of Justice (Mr. Chevrier) a few minutes ago. It would seem that our hon. friends opposite can say just about anything while we must let them have their say and put on the record statements of all kinds concerning all possible topics, even if this debate is limited to a very definite issue.

If I were in the shoes of the Minister of National Health and Welfare (Miss LaMarsh), perhaps I would have the same feelings as the hon. lady. However, I would ask her to show a little more consideration to us so that we may reply to all those things our friends are putting on the record.

Since the hon. Minister of Justice led us in this field of election promises, I wish to point out to the house the fact that during the election campaign of 1957 and those in 1958, 1962 and 1963, the friends of the Liberal candidates both in my riding and others, in the province of Quebec and also throughout the country, went through rural areas to say that should a Conservative government come to office Canadians would lose their family allowances.

Mr. Plourde: They have not been increased though.

Mr. Ricard: No, and if we are waiting for Social Crediters who are always voting with the government after criticizing it, we will have a long wait. The hon. member who interrupted me could do much better if he remained in his place and kept quiet because he is highly vulnerable.

Mr. Speaker, I would also like to tell the house why in the few years we have been in office we have not increased family allowances as we would have liked to. Our friends opposite should not worry. When we took over in 1957, there was a lot to do in the field of social security and we tackled the most urgent problems. For the year 1962, we had on our agenda something concerning family allowances. But with the help of the Social Crediters, we were voted down and could not carry out our project.

Mr. Plourde: It took too long.

Mr. Ricard: I could say that some sales were made in a much shorter time.

Mr. Speaker, let me point out also that interjections coming from the Social Credit

corner are made by hon. members who are firmly rooted in their seats and who would have the opportunity to stand up and make all the remarks they wish.

As far as social security is concerned, the Conservative government, as I said a while ago, is certainly entitled to be proud of what was accomplished. Under the administration which preceded us, $815 million were paid out to Canadians under health and welfare, while under the government headed by the Right Hon. Mr. Diefenbaker, it is $1.4 billion which were paid out, that is an increase of 72 per cent.

Mr. Speaker, before blaming us for not having, during the six years in which the Diefenbaker government was in power, changed, remedied and corrected everything which the years of inertia of the Liberal party had left adrift, hon. members opposite should rather consider the good work we have accomplished, follow in our footsteps and heed the good example we gave, not only to the party now in power, but also to the two other smaller parties in the opposition.

Mr. Jean-Pierre Côté (Longueuil): Would the hon. member allow a question?

Mr. Ricard: Yes.

Mr. Côté (Longueuil): You just spoke of an increase from 324 to 530 odd million with regard to the payment of family allowances—which is the difference between the years 1957 and 1962. Is that increase due to a higher rate of family allowances or only to the greater number of children in this country?

Mr. Ricard: If the hon. member had followed what I said, he would not have taken the trouble to ask such a question, because I never implied what he apparently wants to infer.

(Text):

Mr. E. Nasserden (Rosthern): Mr. Speaker, I had not intended to take part in this debate, but after the remarks made by the Acting Prime Minister (Mr. Chevrier) I think some of the questions he raised should be dealt with.

First of all we heard him say that this matter was one of their promises which would be kept. I think all hon. members of this house and the people across the country will wonder whether it is one of the promises which will be "kept" until another election campaign is in sight before it is fulfilled.

During his remarks the charge was laid that there has been a delay in the business of this house. No one has been more guilty of that than the Secretary of State (Mr. Pickersgill), who has delayed business by his many interruptions in speeches of other hon. members, particularly those in the opposition.

The family allowance legislation is not before the house at this time. It is one of the unkept promises of the government today. The Acting Prime Minister asked us what we had done in the last six years with regard to this matter.

Mr. Pickersgill: Nothing.

Mr. Nasserden: He sought to point out that particularly the hon. members from the province of Quebec had failed to make an impression on the government of which the members of our party were proud to be a part. We did not make any pledge to the Canadian people until the recent election campaign to provide for students between 16 and 18 years of age attending school by increasing the family allowance. Reference was made by the hon. member for Oxford (Mr. Nesbitt) to the fact that during the last six years there was placed on the statute books of this parliament legislation which enabled the provinces to build the greatest vocational and technical training educational facilities ever undertaken by any government in the world at any time.

I need not point out to any member of the government that when they were in power prior to 1957 this was one of the matters with which they had failed to deal. They failed to provide opportunities for young Canadians coming on to the labour market. They failed to provide any incentive to equip them to do their best and play an effective part in building Canada into a greater and more secure nation. That is one of the reasons why we have had to face the difficult problem of unemployment during the last several years. It is one of the reasons why this government faces the problem of unemployment, which has been aggravated by other actions taken since they came into office.

I will not deal with that because, after all, we are speaking to a particular grievance concerning the failure of the government to place on the statute books family allowance legislation. This is another significant factor pointing to the carelessness of this government that is in sharp contrast to the action taken by the administration led by the former prime minister, the present Leader of the

Opposition (Mr. Diefenbaker). During the last six years none was so vocal in the caucuses of our party as the hon. members from Quebec in bringing about these things. I might say in passing that we provided a vocational training program, residences for interns and nurses; we provided—

Mr. Pickersgill: Mr. Speaker, surely the hon. member is not going to be permitted, under the guise of taking part in a debate on family allowances, to deprive other hon. members of their opportunity to air grievances for the sake of putting on the records of this house stale Tory propaganda which has absolutely nothing to do with the motion before the house?

Mr. Nasserden: On the point of order; I maintain it is no point of order, because all I was doing was answering the very matters raised by the Minister of Justice today. This is just another indication—maybe the minister was not here when the Minister of Justice was doing this—

Mr. Pickersgill: On a question of privilege; I was here at the time. I listened to the Minister of Justice (Mr. Chevrier) and he confined himself to talking about the negligence of the Tory party with regard to family allowances, and he did not talk about anything else. Family allowances, I maintain, is the only subject before us on this grievance. The hon. gentleman is being allowed to flout the rules and deprive the hon. member for Charlevoix (Mr. Belanger) of his right to speak on a genuine grievance; and I submit respectfully that he should not be allowed to continue in this manner.

The Acting Speaker (Mr. Batten): I think the hon. gentleman is well aware of the fact that this grievance is about family allowances, and I hope he stays with it as closely as possible.

Mr. Nasserden: Thank you very much; I appreciate your ruling Mr. Speaker. I also appreciate the fact that there was an interruption that was not altogether in order either. During the last six years—this has something to do with family allowances and children—we provided an increased exemption of from $150 to $300 for those attending school, and also for those who were attending further education of from $250 to $500, which amounted to some $105 million which had to come out of the treasury of Canada. This careless government went around the country during the last election campaign, saying that one of the first things they would do would be to provide an increase in family allowances for those attending further classes. We have had the first 60 days and we have not heard one word from the government about their plans in this regard. I believe one hon. member on this side of the house asked the government whether they would indicate whether this legislation would be brought forward this year, next year, or during the third or fourth sessions of this parliament, but no answer was forthcoming. This is the sort of thing we have had to contend with in this session so far. It is an organized attempt to evade answers to questions about the intentions of the government on matters which they said in almost every case would be among the first steps which a Liberal government would take in order to give Canadians things they need. I say we should have a statement from this careless government with regard to its plans for family allowance legislation. It is important at this time when parents are making plans to put their children in institutions this fall to receive further education, and it will mean a great deal to our young Canadians today who are making plans for their future lives and at the same time deciding the future of our country.

(Translation):

Mr. Raymond Langlois (Megantic): Mr. Speaker, I have just heard some hon. members opposite speak about family allowances. I understand that children born this year, that is since April 8 last, are important now whereas when we advocated a raise in the family allowances paid for children born during the previous years, we were called back to order.

But now, the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) and the hon. member for Nicolet-Yamaska (Mr. Vincent) have just said that they are in favour of such a measure. It is a good thing to express such an opinion and to keep on repeating it often as they did before they sat on the government side in 1957. At the time, the slogan was "Follow John" and "Follow John" it was. The Conservatives were brought to power because of their promises to increase family allowances and old age pensions. Unfortunately, those promises were forgotten in the mirage, in the vision.

Last year a bill which was introduced by a member of our party was talked out during one of the hours set aside for consideration of private members' bills.

There are 6 million children under the age of 16 in Canada at present, that is one third of our total population. You will perhaps say that I am exaggerating and this is nothing but an example based on figures but if we allow $1 a day for every child, we

would get a total of $30 a month, that is $2 billion per year for 6 million children. Now, Canada's gross national product is $40 billion. If we were to give $1 a day for each child, that is for one third of the people of Canada, this would require an amount equal to one twentieth of the gross national product.

We would not have to apply poultices or to find remedies later on, because we would pay certain sums of money to heads of large families, who do not have enough money at the present time. We do not ask to give them $1 a day, but that the government look after the numerous families which are poverty-stricken and have no other income than family allowances. In most cases parents are too young to receive old age pensions and have no other alternative than to starve with their children.

It is a very commendable concession to give a tax exemption of $250 and $500 for children who are going to school. But what about the man who does not earn enough to pay tax? It does not help him very much, does it? And the man who has an exemption of $250, but does not earn enough to support his family, how can he send his children to university. Should you visit the restaurants in this city, you would meet there a good many students who, after putting in a full day's work at the university, spend the whole night washing dishes to earn the money necessary for their studies. You have been students in your time. Do you sincerely believe that you could have done well in the academic field, if you had worked half the night to help pay your fees?

A grant of $5 or $10 a month, or an extension allowing the students to finish their education, would surely help these young people much more than a 11 per cent tax on building materials. Our population is expanding, the cost of living has climbed steadily since 1944, but have family allowances increased accordingly? There has been a certain increase, but it has not caught up with ing the last budget.

For those reasons, I ask the government who, at the time they were in opposition clamoured for an increase in family allowances, especially during the last election campaign, to stop talking and to act instead in order to help Canadian families.

Thus you would ease much hardship in a country endowed with abundance. I am convinced that you will not then have to face the criticism that was directed at you following the last budget.

[Mr. Langlois.]

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I had not intended to participate in this debate, but I shall take the few minutes left to refer to some remarks made by the Minister of Justice, the Acting Prime Minister.

We, on this side of the house, were glad to hear the Acting Prime Minister say that the Liberal party, the present government, promised to extend family allowances to children from 16 to 18 years of age. He was very definite in his statement. He said: "It is a pledge, you shall have it, we realize that Canadian families need additional help."

I see that the Minister of National Health and Welfare (Miss LaMarsh) who assiduously seeks the truth, is closely following my remarks and I am sure that at the first opportunity, she will rise in the house to explain this flagrant omission on the part of the government.

Now, the Minister of Justice attempted afterwards to find excuses for his government's delay in carrying out that promise. He suggested as an excuse the fact that the order paper was already quite loaded. Well, Mr. Speaker, have you ever heard of such a paltry and senseless answer? The order paper is not a container which, once it is full, you cannot add to it. The order paper is only a list of the measures proposed to the house by the government. So, such an excuse does not stand up. Moreover, he admitted, in reply to the hon. member for Medicine Hat (Mr. H. A. Olson), that there is no administrative difficulty which could prevent them from putting that measure into force at this time, and he finally admitted that to adopt such a measure, you need funds and that the Minister of Finance has to find necessary revenues, that there is a certain priority in those matters.

Now, if that is the case, I say that it was the Liberal party's responsibility, during the last election campaign, a few months ago, to honestly tell the Canadian people: "We shall give that extended coverage of family allowances if we have the money and when we are good and ready."

But that was not the case, the Liberal party's undertaking was definite. They are untrue to their undertakings when they delay such necessary action requested by the whole Canadian people.

(Text):

Mr. Deputy Speaker: Order. It being 5.45 o'clock in the afternoon it is my duty, pursuant to special order made on Thursday

last, to interrupt these proceedings and put forthwith the question on the motion before the house.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF EXTERNAL AFFAIRS

1. Departmental administration, $7,648,800.

DEPARTMENT OF LABOUR

General administration—

1. Departmental administration including grants as detailed in the estimates and the expenses of the international labour conferences, $1,290,400.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

1. Departmental administration, $1,973,500.

DEPARTMENT OF PUBLIC WORKS

1. General administration including a grant of $2,000 to the Canadian good roads association, $10,695,000.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

1. Departmental administration including fees for membership in the international organizations listed in the details of the estimates and $25,000 for grants to promote industrial design, $5,288,800.

DEPARTMENT OF TRANSPORT

1. Departmental administration, $3,388,600.

Proceedings reported.

Mr. Pickersgill: Mr. Speaker, it was not anticipated that there would be any further business for today, but there are just about 10 minutes available. I understand my hon. friend, the Minister of Defence Production is on his way to the chamber, and if the house felt inclined we could perhaps get one or two more clauses of that bill through between now and six o'clock. This would be of great convenience to the government if it could be done. On the other hand, I have to recognize that this was not announced as part of the business for today and I would not care to take hon. members by surprise and ask them to do anything they would not be inclined to do.

Now, the Minister of Defence Production is right here and as there are 10 minutes of valuable parliamentary time, if hon. gentlemen would agree to go back into committee on the bill it would suit the government very well.

Mr. Churchill: Mr. Speaker, it is preferable to have notice in advance of what the business is.

Mr. Martin (Essex East): Oh, let us get on with it.

Mr. Churchill: And when the house is properly organized we have notice, as happened in the preceding years. I think, in view of the fact that the subject matter of the Defence Production Act, and especially clause 5, is controversial, it would not be very helpful. I believe the house leader should suggest something else with which we might deal at this time. I would suggest the Export and Import Permits Act, unless there is something unusual about that. My observation of it would lead me to believe it concerns only a change of date from 1963 to 1966 or something of that nature. We could proceed with that item.

Mr. Pickersgill: I think that is a very constructive suggestion that the hon. gentleman has made. If the house would excuse the absence of the Minister of Trade and Commerce (Mr. Sharp) and permit me to proceed in his absence with the bill, especially if it is as simple as the hon. gentleman says it is, perhaps we could get through it by six o'clock. It would be the first item of legislation that this parliament has passed between May 16 and July 3. I would be only too happy—

Some hon. Members: Do not talk it out.

Mr. Pickersgill: —to give the hon. member for Winnipeg South Centre (Mr. Churchill) full credit for this. If the house is agreeable, I would move the second reading of this bill.

EXPORT AND IMPORT PERMITS ACT

AMENDMENT EXTENDING DURATION FOR FURTHER THREE YEARS

Hon. J. W. Pickersgill (for the Minister of Trade and Commerce) moved the second reading of Bill No. S-3, to amend the Export and Import Permits Act.

He said: I will just confirm the fact, already pointed out to the house by the former minister of trade and commerce who has more experience in this matter than I have, that the substantive part of the bill reads:

> This act shall expire on the 31st day of July, 1966.

This section formerly read:

> This act shall expire on the 31st day of July, 1963.

I believe that the hon. gentleman, himself, was responsible for having the house adopt that amendment.

Hon. Gordon Churchill (Winnipeg South Centre): The reason I intend to support this bill, Mr. Speaker, is that it will do something for the economy of the country, which is sadly lagging at the present time. It is for this reason I suggested the measure be brought forward now.

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

Clause 1 agreed to.

Title agreed to.

Bill reported.

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

Mr. Knowles: Now, by leave.

Mr. Sharp moved the third reading of the bill.

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

Mr. Pickersgill: Mr. Speaker, we have had such excellent co-operation that I am going to ask the house, in the remaining five minutes, if we could complete the resolution stage of the Atlantic development bill. Then, we would have the bill before us for later consideration. I think there was really no serious objection to that, and it would be very helpful in showing some performance.

Mr. Churchill: I think that the resolution stage would have passed last week had not the Secretary of State intervened with one of his partisan speeches. Under the circumstances, the hon. member for Victoria-Carleton (Mr. Flemming) thought that he should reply to those remarks. Perhaps he could do this just as well at the second reading stage, so we would be favourable to passing the resolution now.

Mr. Pickersgill: I want to express real appreciation to the hon. member for Winnipeg South Centre and ask the Clerk to call the order quickly.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

The house resumed from Tuesday, June 18, consideration in committee of the following resolution—Mr. Pickersgill—Mr. Lamoureux in the chair:

That it is expedient to introduce a measure to amend the Atlantic Development Board Act to increase the number of members of the Atlantic development board from five to eleven; to establish as a separate account in the consolidated revenue fund an Atlantic development fund to which shall be credited the sum of one hundred million dollars to be used for the purpose of financing or assisting in financing programs or projects that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available; and to provide that the said act shall expire on the 24th day of January, 1969; and to provide further for certain changes in connection with the administration of the said act.

Resolution reported and concurred in.

Mr. Pickersgill thereupon moved for leave to introduce Bill No. C-80, to amend the Atlantic Development Board Act.

Motion agreed to and bill read the first time.

Mr. Pickersgill: Perhaps now we can have second reading of the economic council bill so that we could go into committee on that tomorrow.

Mr. Churchill: I think it would be advisable, Mr. Speaker, to call it six o'clock and then, if the house leader will announce that the budget resolutions are going ahead tomorrow and Friday, we would be very pleased.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I recognize, sir, that the hon. gentleman has an avid desire to debate the budget resolutions. However, I believe I will stick to the program that I announced at the end of last week for the next two days. The first item of business tomorrow will be the department of industry bill. This is in committee, so we would hope to have it completed fairly early in the day. Then, we would take the second reading of the Atlantic development board bill. The third item would be the economic council. If these three items should be completed before tomorrow evening and the house needed additional business for Friday, there would be no difficulty on the part of the government in providing it.

Mr. Churchill: If we complete those items, I will suggest other business for the house as I did today.

Mr. Pickersgill: I will be very grateful to the hon. gentleman.

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

HOUSE OF COMMONS

Thursday, July 4, 1963

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

POSTPONEMENT OF MOTION TO EXTEND SITTING HOURS

Hon. J. W. Pickersgill (Secretary of State): Although I recognize that this is not strictly in order, perhaps I might say that after conferring with the Acting Prime Minister and one or two hon. gentlemen opposite, the government have come to the conclusion that we will not proceed tomorrow with the motion regarding sittings for Friday evening and Saturday. It appears that hon. members generally have not received enough notice and many of them have made a lot of other arrangements for the week end. I put the notice on yesterday, or I asked my hon. friend to put it on, just to protect the position, because if I had not put it on yesterday there would not have been the required 48 hours' notice. I told the hon. member for Winnipeg South Centre at that time that I hoped to have some further conference before proceeding with it, but in fairness to the house I think we should not proceed with it this week. However, I hope it will be possible to proceed in this manner for the rest of the month and perhaps, after conferring with hon. gentlemen opposite, we might agree on one or two other changes in the sittings to expedite our work.

[*Later:*]

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Secretary of State in his capacity of house leader in view of the remarks he made a short time ago about the possibility of a parliamentary recess, and in view of the motion in the name of the Prime Minister in *Votes and Proceedings* today to lengthen the hours of sitting beginning on Friday. What is the target date that the government now has in mind for the parliamentary summer recess to begin?

Mr. Pickersgill: Mr. Speaker, I do not think that the government can be said at the moment to have a target date. I am hoping to have further discussions tomorrow, and possibly also on Monday, with hon. gentlemen who represent the other parties in the house, but these will be contingent upon some discussions I will have with my colleagues. I hope we can give a good deal more clarification to this matter next week. I do not know whether the hon. member was in the house at the very opening of the proceedings when I announced that it was not the intention to proceed with this motion tomorrow; but it is the hope of the government that a motion which would be slightly amended will be adopted to be applicable next week end.

COMMITTEES OF THE HOUSE

VETERANS AFFAIRS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. James Forgie (Renfrew North) presented the first report of the standing committee on veterans affairs, and moved that the report be concurred in.

Motion agreed to.

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Ian Grant Wahn (St. Paul's) presented the first report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

(Translation):

WORLD FAIR

INVITATIONS TO MEETING WITH MINISTER

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, on Tuesday, July 2, I sent His Worship the mayor of Montreal a letter to inform him of my intention to call a meeting in Montreal, on Saturday morning, July 6, of all parties interested in the organization of the 1967 world fair, with their respective engineers and officers.

Last night at 8.30, I received a telegram from Mayor Jean Drapeau telling me that he did not see what purpose could be served by such a meeting. I believe, on the contrary, that not only would such a meeting be useful but that it is urgent that it should take place. Therefore, today I must renew my invitation to a meeting which could be held in Montreal, Saturday, at 11 a.m.

Should the authorities of the city of Montreal find it necessary to meet earlier, it gives me pleasure to invite all parties interested in the world fair to a meeting in Ottawa tomorrow, Friday, at 2.30 p.m.

Inquiries of the Ministry

Immediately after the orders of the day, I shall get in touch with Mayor Jean Drapeau to invite him to a meeting to be held either tomorrow in Ottawa or Saturday in Montreal.

(Text):

[*Later:*]

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. In view of the statement which was made a few moments ago by the Minister of Public Works I am not sure of the exact situation at the moment, but apparently it is proposed to hold a meeting although we are a little uncertain as to when or where. If, as and when the meeting is held will it be dealing with details in connection with the administration of the world fair, or will it be dealing with major problems which may result in further postponement of a decision in respect of the location and establishment of the fair?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I think the best way to answer my hon. friend's question is to say this. An application was made for a site for the world fair which in so far as stage one was concerned was approved of by the federal government. In so far as the rest of the project was concerned, the matter was to be determined by the study of hydraulic models, and it was only on Thursday of last week that a complete report on the results of this study was given to the engineers.

In the light of that position it was thought by the minister responsible for the fair, as well as by the government, that a useful meeting could be held in Montreal of all parties concerned, that is at the municipal level, the provincial level and the federal level, together with the technical officers, to determine some of the matters that were under review and discussion in this report. I cannot add to what the minister has said because that now changes the position to some extent.

(Translation):

[*Later:*]

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I wish to direct a supplementary question to the Acting Prime Minister.

Since the engineers' report is favourable, is the choice of the St. Helen island site final?

[Mr. Deschatelets.]

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I think we should wait for the answer to that question until the meeting we intend to hold is over. I prefer not to answer the question because the purpose of the meeting is to discuss the situation, and not to discuss whether the site is unacceptable; on the contrary, I feel that it is acceptable, but there are certain qualifications that the officials want to discuss.

Mr. Pigeon: Another supplementary question, Mr. Speaker. I have put that question to the Acting Prime Minister because the Minister of Public Works said that the St. Helen island site was accepted by the federal government.

Mr. Chevrier: The Minister of Public Works was absolutely right when he said that the site was accepted and acceptable, subject to the Navigable Waters Protection Act.

TRANS-CANADA AIR LINES ACT

AMENDMENT RESPECTING NAME OF COMPANY

Mr. Jean Chretien (St. Maurice-Lafleche) moved for leave to introduce Bill No. C-81, to amend the Trans-Canada Air Lines Act.

Some hon. Members: Explain.

Mr. Chretien: Mr. Speaker, the purpose of this bill is to change the English name of Trans-Canada Air Lines and its French name Lignes aériennes Trans-Canada for Air-Canada which is easily translated in English and French and is in accordance with international usage in the field of transport.

Motion agreed to and bill read the first time.

TRANSPORT

CONSTRUCTION OF BRIDGE AND TUNNEL, BOUCHERVILLE, QUE.

Hon. J. P. Deschatelets (Minister of Public Works) moved first reading of Bill S-16, to authorize the construction and maintenance of the bridge and tunnel across the St. Lawrence river at the Boucherville islands, in the province of Quebec.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE

NUCLEAR WARHEADS—SIGNING OF AGREEMENT WITH UNITED STATES

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

Could the minister tell the house whether it is true that the signing of an agreement

with the United States concerning the stockpiling of nuclear weapons in Canada has been delayed because of unforeseen complications and, if so, what are those complications?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there are no complications.

Mr. Martineau: A supplementary question, Mr. Speaker. Is there any delay in the signing of the agreement?

Mr. Martin (Essex East): Mr. Speaker, negotiations are under way.

Mr. Martineau: What I mean is this. Are there any delays in the negotiations?

Mr. Martin (Essex East): I gave the information in my first reply to the hon. member.

(Text):

NEGOTIATIONS FOR PURCHASE OF SUBMARINES FROM UNITED KINGDOM

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I should like to direct a question to the Minister of National Defence. Can the minister inform the house as to the state of the negotiations for the acquisition of three Oberon submarines from Great Britain and, particularly, what is the reason for the delay in completing this deal? I ask this particularly in view of the fact that I initiated it over a year ago and the negotiations were, I believe, practically complete at the time I left office early in February.

Hon. Paul Hellyer (Minister of National Defence): As the hon. gentleman is aware, there were conditions attached to the approval which he obtained for the acquisition of the submarines at that time. As I have stated earlier, the question is presently under review and I hope an announcement can be made very shortly.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO POSTPONEMENT OF MUNICIPAL LOAN LEGISLATION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): My question was to be directed to the Minister of Finance, but in his absence I shall direct it to the Acting Prime Minister. Can he now inform the house whether a house discussion of the municipal loan legislation has definitely been postponed as requested by Premier Lesage of Quebec?

Hon. Lionel Chevrier (Acting Prime Minister): Unfortunately the Minister of Finance has left the house temporarily. I think I answered that question yesterday, and I do not know that I can add to what I said then.

(Translation):

[*Later:*]

Mr. Pigeon: I wish to ask a supplementary question, Mr. Speaker. According to the newspapers—

(Text):

Mr. Speaker: Order. I am sorry I must interrupt the hon. member but the minister has given a complete answer so far as that is concerned.

(Translation):

CANADIAN PENSION PLAN

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, I should like to address a question to the Acting Prime Minister.

Could the Acting Prime Minister inform the house whether the government intends to suspend the discussion on the resolution appearing on today's order paper under number 12 and concerning in part the transferability and the solvency of private pension plans and that, until a study has been made of the substance and of the letter of this matter by provincial and federal authorities at a conference called to take that problem into consideration?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, while I do not think the question is in order, I shall be happy to reply by saying that yesterday, or the day before, I think, the Prime Minister received a letter on that matter from the premier of the province of Quebec and before that question can be properly answered, I think we should study that letter carefully, which we intend to do.

Mr. Gilles Gregoire (Lapointe): A supplementary question, Mr. Speaker. Is the Acting Prime Minister able to tell the house whether as Minister of Justice he has secured legal opinions concerning the constitutional soundness of that resolution or bill?

Mr. Chevrier: If my hon. friend would read the B.N.A. Act I believe he would find a reply to his question under section 94(a).

Mr. Gregoire: Mr. Speaker, a supplementary question; since many sections of this act are presently being discussed, does the

Minister of Justice intend to ask for a legal opinion about this specific matter?

Mr. Chevrier: For the time being, Mr. Speaker, we should consider carefully and with the utmost sympathy, as I said a moment ago, the letter from the premier of Quebec and the reply to the question put by the hon. member will depend on such consideration.

MINES AND TECHNICAL SURVEYS

DEFINITION OF QUEBEC—LABRADOR BOUNDARY

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, may I ask the Acting Prime Minister a question? Can the hon. gentleman tell us whether he has now received representations from the Quebec provincial authorities in order to establish a committee to redefine the boundaries of Labrador?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I should have to enquire. Personally, I have no knowledge of any letters or inquiries from the provincial authorities. If there are, I shall report to the house.

(Text):

FINANCE

EXTENSION OF APPLICATION OF SALES TAX TO BUILDING MATERIALS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Acting Prime Minister. Following the reported cabinet meeting held this morning at Harrington lake, may I first inquire on behalf of the house as to the health of the Prime Minister and, second, inquire whether any announcement may now be made concerning the sales tax.

Hon. Lionel Chevrier (Acting Prime Minister): I am very happy to inform the hon. gentleman, and the house as well, that the Prime Minister is in excellent health and expects to return to the house early next week.

In so far as the other part of the question is concerned, I am sure my hon. friend will realize that matters that may be under discussion at cabinet meetings are never made public.

[*Later:*]

Mr. W. B. Nesbitt (Oxford): I wish to direct a question to the Minister of Trade and Commerce. Has the minister received representations from secondary industries pointing out the disastrous effect of the 11 per cent sales tax on the newly expanding export markets for products of secondary industry? If so, has he communicated these representations to his cabinet colleagues?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I have received representation about the 11 per cent sales tax, like many other hon. members. Most of them have been directed to the Minister of Finance. I also have received some that I have passed on.

Mr. Muir (Lisgar): A supplementary question. Does the minister expect an across the board increase in prices as the result of a statement attributed to the president of Dominion Foundries and Steel Company as reported in today's *Globe and Mail*, that the stability of steel prices which has prevailed since 1957 may be upset if the 11 per cent sales tax is kept on production and maintenance materials?

Mr. Sharp: I think the hon. member wants an expression of my opinion. I do not think it is a proper question to put to me or that I should be expected to reply.

Mr. Speaker: I agree.

[*Later:*]

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Could the Acting Prime Minister assure us that action will be taken to prevent an increase in the price of steel, an action that would prevent an overall increase in the costs of production?

Mr. Chevrier: As far as I know, Mr. Speaker, there is no such price control in this country. My recollection is that when a similar question was asked in the house concerning another commodity, the Prime Minister made it quite clear that there was a responsibility on another body in so far as this particular question is concerned.

(Translation):

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I have a question for the Acting Prime Minister.

The Bathurst Power and Paper Company is thinking of giving up its intention of establishing a $40 million paper mill in the Gaspe peninsula, because the new 11 per cent tax would entail a supplementary expense of $3 million. Does the Acting Prime Minister plan to grant a tax exemption to that company, as unemployment is prevalent in Quebec, and more particularly in the Gaspe region?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, the hon. member who has been sitting in this house for some time should know by now that, according to the rules and regulations, a question is meant to get and not to convey information. The hon. member's question is similar to the numerous questions asked in this house in the last ten days or so, and to which the Minister of Finance has already given an answer.

Mr. Pigeon: I rise on a point of order. My question is not out of order, and it has nation-wide implications, as the aforesaid company may decide against investing $40 million in the province of Quebec, and that would be just too bad, particularly at a moment when the unemployment situation is critical. My question raises issues of national interest affecting this country's economy.

(Text):

[*Later:*]

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Agriculture. On behalf of all the farmers of Canada, both east and west, would the minister use his good offices to prevail upon the Minister of Finance to withdraw the sales tax on farm building materials at the same time that he announces withdrawal of the tax on schools?

REPORTED INTENTION TO INTRODUCE BABY BUDGET

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): I have a question for the Minister of Finance. In his absence perhaps I might address it to his parliamentary secretary. Is it the minister's intention to bring in a baby budget, upon which his officials are said to be working feverishly at this time?

Mr. E. J. Benson (Parliamentary Secretary to Minister of Finance): I would be pleased to take that question as notice.

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a supplementary question to the Acting Prime Minister with regard to the anticipated modification of the budget. Will that statement be made at the time of day when the stock markets are open, or will it be made at eight o'clock at night as is customary in regard to budget matters?

[*Later:*]

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Finance, but in his absence I will direct it to his parliamentary secretary. In view of the fact that there are rumours that a baby budget is to be presented, are there any outside advisers presently employed within the department?

Mr. Speaker: Order. We have had quite a few questions this afternoon on this particular subject. I would remind hon. members that it was discussed during the budget debate. It was discussed, rightly or wrongly, during the supply debate, and a statement has been promised for next Monday. I know the matter is of great interest and urgency to many hon. members, to all of us in fact, but I think we should contain ourselves until Monday if it is at all possible.

Mr. Korchinski: With respect, Mr. Speaker, I am not seeking information on what is in the report or the budget. I am just asking whether these advisers are being employed by the department.

Mr. Speaker: Nevertheless the form of the question is still out of order.

[*Later:*]

Mr. Knowles: Mr. Speaker, I should like to direct a question to the Acting Prime Minister. In view of the hon. gentleman's view that questions should seek information, can he tell us at what time on Monday the budgetary statement of the Minister of Finance will be made?

Hon. Lionel Chevrier (Acting Prime Minister): I am afraid, Mr. Speaker, that the hon. member will have to hold his peace and wait until Monday for the answer.

Mr. Knowles: May I ask a supplementary question, Mr. Speaker. Will it be made on motions, so that spokesmen for the other parties may make their comments?

Mr. Chevrier: Mr. Speaker, I cannot add anything to what I have already stated in my reply.

GRAIN

WHEAT—INQUIRY AS TO PAYMENT OF $2 PER BUSHEL

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Agriculture arising out of the meeting he had in Regina. It is understood that the major request presented by the people at the meeting was the implementation of the Liberal pre-election pledge to guarantee the price of wheat at $2—

Mr. Speaker: Order. Will the hon. member please get to his question?

Inquiries of the Ministry

Mr. Rapp: Would the minister care to inform the house whether there was any announcement made or whether the government intends to implement this pledge?

Hon. Harry W. Hays (Minister of Agriculture): In reply to the hon. member, this is a matter of government policy and will be dealt with later.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, does not the Minister of Agriculture think that the various pledges made during the election were not policy enough?

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I cannot hear the question. It started out as a sort of double negative. Perhaps the hon. member could clear it up and then I could hear it.

WHEAT—INQUIRY AS TO INITIAL PRICE

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. At this time of year, before the crop year ends, the wheat board usually sets a price. Would the minister be in a position to say whether the price for the next crop year, 1963-64, is going to be set very soon?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I am pretty confident that we shall be able to announce the initial prices this year much earlier than they were announced last year, which was on August 6.

(Translation):

DEFENCE PRODUCTION

REPORTED INTENTION TO CANCEL FRIGATE PROGRAM

On the orders of the day:

Mr. Real Caouette (Villeneuve): Mr. Speaker, I wish to direct a question to the Acting Prime Minister.

Could he tell us if it is true that the building of eight frigates at the Lauzon shipyards—a contract worth $374 million—has been cancelled by the government?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I am not aware that such a project has been cancelled. I am not even aware that such a project has been announced but, in any event, I will take this question as notice, and it might be possible to answer it at some other time.

[Mr. Speaker.]

(Text):

AGRICULTURE

INQUIRY AS TO ANNOUNCEMENT OF NEW POLICY

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to direct a supplementary question to the Acting Prime Minister. The Minister of Agriculture is reported to have indicated at Regina that the government is about ready to reveal a bold new agricultural policy for Canada. Could the Acting Prime Minister indicate when this policy may be announced?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, my hon. friend should know that policies of the government are announced from time to time, and this one will be announced in due course.

SUNFLOWER SEED—INQUIRY AS TO SUPPORT PRICE

On the orders of the day:

Mr. George Muir (Lisgar): I wish to direct a question to the Minister of Agriculture. Is the minister now in a position to announce the support price for sunflower seed for the 1963-64 crop season?

Hon. Harry W. Hays (Minister of Agriculture): This will be done in the next few days.

PENSIONS

POSSIBLE DELAY IN INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I hope I may have a chance later to put to the Minister of Finance the question I rose to ask of him a little time ago. While on my feet may I address a supplementary to the Acting Prime Minister with respect to a question asked regarding the legislation forecasting a Canada pension plan. In view of the fact that this legislation was a firm commitment of the Liberal party to the Canadian people, can we be assured that it will be proceeded with at this session?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I do not think I can add anything to what the Minister of National Health and Welfare has replied. I think she has replied once, if not twice, to this question, and I do not think I should add anything further.

Mr. Knowles: In view of the fact that the answer by the Minister of National Health and Welfare was just that I should wait and see, may I get an assurance from the Acting Prime Minister that if there is to be any delay regarding this legislation then the increase in the old age security pension of $10 a month will be separated from the rest of the legislation and proceeded with, so that people can get this increase?

Mr. Chevrier: Mr. Speaker, the resolution is on the order paper. It speaks for itself, and I presume that in due course it will be proceeded with.

(Translation):

CANADIAN CENTENNIAL

REQUEST FOR PROGRESS REPORT ON WORK OF COMMITTEE

On the orders of the day:

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Could he inform the house of the progress made by the committee for Canada's centennial.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, the question asked by the hon. member is not urgent, since the house already knows that the committee has been established and that it is at work. I cannot give a detailed report for the moment; however, such a report will be submitted in due course either when we consider the estimates or at some other time. But I have to say again that the question is not urgent.

(Text):

Mr. Speaker: Order. Perhaps the hon. member would put that question on the order paper.

TRADE

TARIFF BOARD RULING ON IMPORTS OF EDIBLE OILS

On the orders of the day:

Mr. H. W. Danforth (Kent, Ont.): I should like to direct a question to the Minister of Agriculture. Can the minister inform the house whether the tariff board has as yet given its ruling on submissions of the Ontario soya bean growers association and other interested parties with regard to the increase in Canadian tariffs on imports of edible oils? If the answer is no, can the minister indicate when he might be in a position to give the house this report?

Mr. Speaker: May I ask the hon. member to put that question on the order paper?

INQUIRY AS TO GRAIN SALES TO EAST GERMANY AND RED CHINA

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, yesterday I directed a question to the Minister of Trade and Commerce in regard to anticipated grain sales to East Germany. The minister said he would take my question as notice and comment later. I wonder whether he would also comment on articles appearing in United States newspapers to the effect that the delegation he sent to China has returned empty handed.

Inquiries of the Ministry

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, when the hon. gentleman asked me his question yesterday about the negotiations for credit sales of grain to East Germany, I asked the wheat board to give me a report as soon as possible. I am sorry, but it has not yet been received.

I am quite unaware of the reports which have appeared in United States newspapers. Perhaps I should explain this. The delegation headed by the secretary of the Canadian wheat board was in Hong Kong for a period of some days, returned and made a report. On the basis of that report Mr. McNamara arrived in Hong Kong at the beginning of this week. So far as I know he is still there, working very actively on the negotiations.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. May I ask the Minister of Trade and Commerce how soon he expects to be able to make an announcement regarding the wheat deal with mainland China?

Mr. Sharp: Mr. Speaker, I think my anxiety is the same as the hon. gentleman's. I hope, as soon as possible.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. In view of statements that negotiations are presently under way with Czechoslovakia in connection with the sale of grain, are the officials of his department still actively engaged in the sale of grain or has the responsibility been transferred entirely to the Department of Trade and Commerce?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in reply to the hon. gentleman's question concerning the Department of Trade and Commerce, I think the wheat board has had this responsibility all along, and still has.

EXTERNAL AFFAIRS

NATO—SUGGESTED NON-AGGRESSION PACT WITH WARSAW PACT COUNTRIES

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): I wish to direct a question to the Secretary of State for External Affairs. In view of the reported reluctance of the United States government to sign a non-aggression treaty with the Warsaw pact nations as part of a nuclear test ban agreement, can the minister tell us if the Canadian government shares this reluctance and, if not, whether he has conveyed to our NATO allies Canada's willingness to sign such a non-aggression pact?

Hon. Paul Martin (Secretary of State for External Affairs): The hon. gentleman will recall the reply I made yesterday to a question, not altogether different from this, which was put to me by his leader, the hon. member for Burnaby-Coquitlam. The hon. gentleman who has just asked this question is aware that some time ago the United Kingdom and the United States proposed a test ban in the atmosphere, in outer space, and under water.

The proposal made by Mr. Khrushchev does not indicate whether a test ban is to be complete or merely partial.

Whether or not the arrangements, which he proposes with regard to a non-aggression pact, should be treated as part of a package deal is a matter that may be discussed by the parties who will be attending the conference in Moscow on July 15. As I indicated yesterday, the attitude of the Canadian government has been transmitted to the allied powers.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Can the minister tell us if this government would regard the inclusion of a non-aggression pact as an insuperable obstacle to this signing of a test ban agreement?

Mr. Martin (Essex East): I think if the hon. gentleman will do me the honour of reading what I said yesterday he will find that I made a fairly complete reply.

INQUIRY AS TO CANADA-U.S. PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, might I direct a question either to the Acting Prime Minister or to the Secretary of State for External Affairs, and inquire what arrangements are being made for the revival and the next meeting of the Canada-U.S. parliamentary committee?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the matter to which my hon. friend directs our attention is now a matter of discussion between the two governments.

(Translation):

PAKISTAN—REPORTED ATTACKS ON CANADIAN STUDENTS

On the orders of the day:

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Could the minister inform the house of the consequences of the serious attack which was made on the 35 Canadian students who are visiting the capital of Pakistan at present and can he tell the families of those students what security measures are being taken to protect those youths during their six-week stay in Pakistan?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have no information at present, but I hope I will be in a position to give a reply tomorrow.

(Text):

INDUSTRY

TRENTON, N.S.—REQUEST FOR ORDER FOR RAILWAY CARS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I have a question for the Minister of Transport. It concerns a matter which I brought to his attention earlier and with regard to which I had a reply on May 27. But it is a continuing problem; therefore I think it is one which should be raised on orders of the day. In view of the continuing unemployment situation at Eastern Car Company, Trenton, Nova Scotia, the largest employer in the area, would the minister check with Canadian National Railways regarding the possibility of providing a substantial railway car order for that plant at least for the coming winter months?

Hon. G. J. McIlraith (Minister of Transport): I would be glad to take this question as notice and look into the matter.

REDISTRIBUTION

INQUIRY AS TO INTRODUCTION OF LEGISLATION THIS SESSION

On the orders of the day:

Mr. M. J. Moreau (York-Scarborough): I should like to direct a question to the Secretary of State. I was wondering if the minister can inform the house whether we may expect legislation this session to set up a commission to redraw our electoral boundaries.

Hon. J. W. Pickersgill (Secretary of State): The hon. member for York-Scarborough represents, I believe, the most populous constituency in this country, and I think he represents it very well indeed. At the same time I can understand his concern about the problem of redistribution, which I think is shared by every member in this house.

The government has been giving the most urgent consideration to the legislation which will be required and, as indicated in the speech from the throne, it proposes to recommend proceeding by way of an independent non-partisan body for the purpose. I hope the legislation can be put on the order paper before we think of having a recess. It is not the thought of the government that it would be proceeded with, if there is a summer recess, until after the recess.

If you would permit me, Mr. Speaker, and if the house would permit me, because of the great interest in this subject I would like to add one other word. The chief electoral officer has been charged by the government in the name of the house, and I am sure with the approval of everyone here, with the responsibility of having statistics collected and maps prepared and other action taken that anyone could foresee would be required for the functioning of a commission, so that the time between now and the setting up of the commission will not be lost and the commission can get to work at once once the house has set it up.

Hon. George C. Nowlan (Digby-Annapolis-Kings): A supplementary question to the Secretary of State. Even allowing for all the work which I know has been and is being done by the chief electoral officer, is it not correct that a very substantial period of time will elapse from the time the commission is set up until a report can be brought forward to the house and finally implemented by legislation?

Mr. Pickersgill: I think that is probably true. I had been thinking of recommending to my colleagues—and perhaps they would feel I am going rather far in recommending to the whole house, but this is a matter for the whole house, not for one party or another—that I arrange for an interparty meeting with the chief electoral officer at which he could give us a report on his very interesting visit to Australia, on which he has reported to me, which I think would bring the whole problem more closely before all of us. If that is the wish of the house I will consult with the hon. gentlemen with whom I usually consult about these matters with a view to seeing whether something of that sort can be arranged.

LABOUR CONDITIONS

QUEBEC—STRIKE AT SOLBEC COPPER MINE

On the orders of the day:

Mr. Raymond Langlois (Megantic): Mr. Speaker, yesterday I directed a question to the Minister of Labour and the answer given was that the subject matter was not under his jurisdiction so he could not take action. I should like today to direct a question to the Minister of National Health and Welfare. Would the hon. lady tell the house if she will send financial help to the miners of Solbec copper mine in Quebec who have been on strike since March 1, 1963?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, I will have to take that question as notice.

Inquiries of the Ministry

BROADCASTING

REQUEST FOR PROGRESS REPORT ON WORK OF INQUIRY COMMISSION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Secretary of State when he will be able to give us a progress report from the three man commission of inquiry appointed to review the problems facing broadcasting, particularly with regard to any recommendations relating to community antenna or wiring systems.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I do not think that the three gentlemen who are conferring at my request would expect to be dignified by the title of commission. They have no commission. It was merely a request which I made to them in their individual capacities, because of their individual competence, to provide me with some advice which I could share with my colleagues with a view to seeing what further inquiries of a more formal nature, if any, might be necessary in the field of broadcasting. I am not sure whether the kind of communication or report which they will make to me will be of the sort that would be of any real advantage to communicate to the house—not, in my view, that there will be anything secret at all. But when the report is received, if it is of the kind which I think would be advantageous I would certainly be glad to make it public in the house. I have had one or two progress reports about the talks, but I would anticipate that these talks would not be completed before perhaps early September, partly because the president of the C.B.C. has certain international commitments which he is now carrying out outside the country.

Mr. Fisher: A supplementary question. Could the minister indicate whether he can proceed, and intends to proceed, with legislation regarding community antenna systems, or does he have to wait till he receives advice from this commission or committee?

Mr. Pickersgill: I do not know that that particular question was one of those which were specifically remitted to these gentlemen. It is a very difficult question and I can understand, and I think to some degree share, the concern felt by the hon. member and many other hon. members about this particular problem. Its legal and constitutional aspects are being studied, as well as its practical aspects, and as soon as I have anything I can usefully communicate to the house I will be only too glad to do so.

Inquiries of the Ministry

VETERANS AFFAIRS

SUNNYBROOK HOSPITAL, TORONTO—PARTIAL USE AS GENERAL HOSPITAL

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I would like to direct a question to the Minister of Veterans Affairs. In part III of the Glassco report, dealing with medical care and hospitalization of special groups, the recommendation is made on page 195:

That active treatment hospitals now operated by the Department of Veterans Affairs, when cleared, be sold and converted into community hospitals.

Yesterday the Calvin committee report on active treatment hospitals in metropolitan Toronto—

Some hon. Members: Order.

Mr. Cowan: —emphasized that "metro Toronto is short 2,360 active treatment beds"—

Mr. Speaker: Order. Would the hon. member give the house the question, please.

Mr. Cowan: Is the Department of Veterans Affairs giving active consideration to converting part of Sunnybrook military hospital into a general hospital, as recommended by the Glassco report and as has been proven necessary by the Calvin committee report?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, with regard to that question I can only reply as I have to other questions of this kind in the house. To say specifically that this item is under active discussion by itself would not be accurate. The entire question, as I have stated before, is under active consideration, and we do hope we can come up with some conclusions before too long, although by "before too long" I do not mean a matter of some two or three weeks. I do want to underline as I have before, because this is very important, that the consideration in all these things will be the interests and rights of the veterans and of the staff of these hospitals. These interests will be a paramount consideration.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to ask a question of the Secretary of State. This week we received the annual report in French and English of Atomic Energy of Canada Limited. Is it the intention of the minister to amend the law to provide for the translation of this title into French?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I have no constitutional responsibility for Atomic Energy of Canada Limited; and I think the question might more properly be taken as notice, because it does not appear to me to be of prime urgency, by the minister responsible.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

The house resumed, from Friday, June 28, consideration in committee of Bill No. C-74, respecting the department of industry—the Prime Minister—Mr. Batten in the chair.

The Deputy Chairman: Order. The house again in committee of the whole on Bill No. C-74, respecting the department of industry. The committee is now considering clause 5. Shall clause 5 carry?

On clause 5—*Temporary appointments.*

(Translation):

Mr. Pigeon: Mr. Chairman, I want to ask the hon. minister a question. Can he give us some idea of the salary of the experts who are going to be brought in by the minister?

Mr. Drury: Mr. Chairman, to reply briefly, "what they are worth".

Mr. Pigeon: Will the salaries vary between a minimum of $5,000 and a maximum of $15,000?

Mr. Drury: Mr. Chairman, no minimum nor maximum salary has been established. It depends entirely on the required services. Indeed, there are some experts who are very expensive and some less.

Mr. Ricard: Mr. Chairman, can the minister tell us whether the experts whose services will be retained will be chosen by the minister, or whether they will have to submit to an examination comprising a series of questions or whether they will have to take part in a competition under the civil service commission?

Mr. Drury: Mr. Chairman, we shall, first of all, try to recruit those experts in the existing civil service, and it is only when the required talent cannot be found among federal employees that outsiders will be brought in.

Anyway, they may be appointed either by passing competitive examinations organized by the civil service commission, or by means of a contract submitted to the governor in council because of the limited time available. Briefly, if they cannot be found in the present civil service staff, their appointment will be made by a contract which will be submitted to the governor in council.

Mr. Martineau: Mr. Chairman, the hon. minister just stated that they would only be

recruited elsewhere if and when the required qualifications are not found in the public service.

Mr. Drury: Yes, Mr. Chairman.

Mr. Martineau: In this case, who is going to determine if qualified employees are to be found within the civil service or not?

Mr. Drury: Applications will be submitted to the civil service commission, Mr. Chairman.

(Text):

Mr. Starr: I should like to ask the minister a question. I have read in the newspapers recently that in the establishment of this department, branches will be set up across Canada in various municipalities. How many branches does the minister anticipate setting up at once and eventually, and what will be the total personnel of the department now and eventually?

Mr. Drury: The number of branches or regional offices as they are described cannot be determined theoretically in advance. We will have to discover as we go along how many are required. The areas in which they will be required will be determined somewhat by the program that may be evolved on behalf of the federal government to provide aid to manufacturing industry, and these regional offices should be located in relation to the regions in which they may be of the most help. Until such time as the department has been created, has analysed the problems and has proposed solutions and had them accepted it is difficult to say with any degree of precision exactly where they are going to work. I am afraid the same applies to the total number of people in these offices.

Mr. Starr: Does the minister have any idea what the total cost to the taxpayers will be for this department in order for it to function properly when it is eventually set up?

Mr. Drury: I have had no estimate made, I regret to say, of the eventual cost. I do not think anyone could make one at this juncture.

Mr. Nasserden: Could the minister indicate whether it is anticipated that some of these people will be working for a dollar a year plus their pension premiums while still remaining on the payrolls of their companies?

Mr. Drury: It is possible that amongst the group who will be assisting for a relatively short time in the organization phase of the department there will be what are generally known as dollar a year men. As I think hon. members will appreciate, it is difficult to have a man completely sever his connections with his current job for so short a period as four or five months, let us say. In so far as his functions as described in clause 5 are concerned, they will be related to the organization of the department rather than the framing or development over a long period of time of government policy, so perhaps some of the worries which the hon. member may have in mind may not arise.

Mr. Nasserden: I am not too worried about what I think the minister thinks I was worried about, but this clause seems to be designed in such a way as to anticipate that a number of people who fit into this particular category will be taken on at the beginning.

Mr. Howe (Wellington-Huron): Mr. Chairman, the minister has just indicated that there may be a long period of development, and I am rather surprised that under subclause 2 of clause 5 there is a time limit on the employment of these people.

Mr. Drury: The purpose of including a terminal date for this arrangement was an implicit recognition of the fact that in the government departments one should look to the regular apparatus of the civil service commission to recruit and train those civil servants who are needed to operate within the federal government framework. Consequently it was felt that while it might be necessary to seek outside people to assist in the organization phase, such type of employment should not continue beyond the initial organizing period, and the department would expect that by December 31, 1964 the civil service commission would be in a position to recruit and train under regular civil service procedures those who are going to staff the department.

Mr. Howe (Wellington-Huron): Supplementary to the question asked by the hon. member for Ontario, how many people does the minister figure are going to be trained by the civil service commission to carry on the department after December 31, 1964?

Mr. Drury: The number to be trained by the civil service commission subsequent to that time will depend on the evolution of the department, and in the same way that I was unable to answer precisely as to the eventual number of regional offices, it is difficult at this time, before the department is even authorized, to give a precise figure as to the ultimate number of employees.

Mr. Churchill: Mr. Chairman, I confess to astonishment at an earlier statement by the minister, who is piloting this bill through the house, that people from outside have to be called in to instruct the government and a competent civil service as to how to set up

a department. He said these people would not be engaged in the long term development of policy but would be brought in in order to organize the department. We have 20 departments in the government service and the experience of generations in setting up departments, new ones having been formed from time to time. What in the world has happened now to make the government consider that they must bring in outsiders? I thought they had had their fingers burned sufficiently already with outsiders. Why must they bring in outsiders in order to do a job that the civil service is competent to do and has been doing over the years? This is a most astonishing development indeed.

The minister mentioned that they would be something like the dollar a year men that we had during wartime when most Canadians were serving for $1.30 a day. But this is not wartime. There is not the same tremendous rush to get something done because survival is at stake. Under wartime conditions it was understandable that additional help was required, but here we have this fantastic notion originating, I think, with the Minister of Finance, who is 20 years out of date when he relies on something in which he participated in 1939 or 1940 or around that time.

This is another example of the brushing aside of a competent civil service by suggesting that our civil service, with a score of trained and experienced deputy ministers as well as assistant deputy ministers, is not able to advise the government on how to set up a department, and that outsiders have to be called in because the government has no confidence in and does not trust the civil service. I think this again is a provision that has been carelessly drawn. The problem has not been thought out.

Clause 5 dealing with temporary appointments gives emphasis to what we have been saying about the bill generally, that it has been hastily conceived, badly drafted and is aimed at performing a function which is already being performed by the Department of Trade and Commerce. I was hoping that the Minister of Trade and Commerce would be here to stand up in the house and say those things that I suggested he would have to say with regard to the setting up of this new department, which cuts the heart out of his department. However, he is absent on other business.

I do point out, Mr. Chairman, that this is a ridiculous extra expense being placed upon the shoulders of the taxpayers of this country. It is going to add to the deficit of the Minister of Finance at a time when he is losing his revenue sources with each withdrawal of his propositions. This is an unnecessary additional expense because these people are going to be brought in—we do not know how many—and they are going to be paid such salaries, upon such terms and conditions as the governor in council sees fit. This may mean expense allowances. They will be doing jobs for which trained people are already available within the civil service.

Mr. Drury: Perhaps I misled the hon. member who has just spoken in suggesting that these people were to be brought in for the purpose of organizing the department. What I should have said more properly was to assist in the work of the department during the organizational phase. I did, I think, place emphasis on the fact the people who would be brought in would provide the skills which are not now to be found within the civil service. An endeavour will be made by the civil service commission, and certainly by myself, to staff to the fullest extent possible right from the day this department is authorized with those men who are now in the public service of Canada, for which all of us have the highest regard. It will only be in the event that special or specialized talents are needed and cannot be found that outside people will be sought under the provisions of clause 5.

Mr. Kindt: Do I understand the minister to say that the personnel will be taken on for organization purposes and, I assume, for certain staff purposes, and at a later time in the development of the department they will be blanketed into the civil service? Is that the intention of the minister?

Mr. Drury: I thought I explained that they were to assist in carrying out the work of the department during the organizational phase, and not longer than December, 1964. I am not too clear what the hon. member implied by his question, will they be blanketed into the civil service? This has a slightly sinister ring about it. These men will have to qualify for civil service employment like anybody else or they will terminate their relationships under this clause at the end of December, 1964.

Mr. Kindt: May I ask a supplementary question. Then that would provide an opportunity to bring into the civil service all the party supporters of the Liberal party and, at a later time, blanket them into the civil service. Let us make no mistake about that. The minister cannot put one across and tell us this means anything different from what I have just indicated.

Mr. Drury: As the hon. member knows, one is not supposed to impugn the motives of any other hon. member. I think I would let the question die there.

Mr. Harkness: I wonder if the minister could indicate to us what are the particular skills which the people who are to be brought in will possess and which are not possessed by the people in the Department of Trade and Commerce, defence production or other departments which are at present carrying on more or less the activities of this new department? I am wondering particularly if the minister could indicate to us how many people of this nature it is his intention to bring in for the organizational set-up of the department.

Mr. Drury: In response to the last part of the question, I am unable to say how many because there has not been, as yet, any attempt to recruit people or even to canvass within the civil service. Perhaps it would be inappropriate to do so before the department is authorized.

By way of example of the special skills, I think there are within government service at present a number of people who are intimately acquainted with the aircraft industry, with the shipbuilding industry and, within the Department of Defence Production, with the machine tool industry. There are not, in either the Department of Defence Production or in the present Department of Trade and Commerce, men with an intimate knowledge of and experience in the basic steel industry of Canada. If we can find such a man within the civil service he will be taken into this department. If not it may be necessary, during this initial period, to look to someone in that field to give us a start.

Mr. Harkness: Has the minister any other examples he could give of the particular skills that will be looked for in addition to skill in the basic steel industry? I would think that perhaps the department of mines might have somebody with a considerable amount of knowledge in that area.

Mr. Drury: This would be a source to be canvassed, I agree. As I explained to the hon. member, this canvass has not yet been made. It would be premature for me to provide answers to questions which have not yet been looked at.

Mr. Harkness: It would seem to me that if the government has no idea of the number of people to whom this section would apply, and has very little idea of the special skills that would be required, it is rather a questionable section to include in the bill.

Mr. Langlois: I should like to ask the minister if he has any other technicians in mind in addition to the steel industry. I am thinking, for example, of the asbestos industry, which provides a great deal of revenue for the country but which is concerned mainly with the basic material. There is not much finishing in Canada. Does the minister foresee any industries being established in that area?

Mr. Drury: I would sincerely hope that there could be developed in Canada intensive processing to a much greater degree than is the case at present, of the output of the asbestos mines themselves. This is a mineral which is partially unique to Canada and we should clearly go a lot farther than we do in the processing of it. This will be one of the functions of this department.

Mr. Howe (Wellington-Huron): I was just interested, in connection with this new processing about which we are talking, in ascertaining whether the government intends to seek these experts within Canada, or are they going to be brought in from other countries to advise our people in the department of industry?

Mr. Drury: I think that in relation to Canadian industry we probably can find amongst Canadians in Canada the kind of help that is needed. It should not be necessary to go outside.

Mr. Doucett: I should like to ask the minister a question in connection with clause 5, which says that no person appointed under subsection 1 shall continue his employment after December 31, 1964. Is it definitely decided that this department will be so set up that no advice will be needed after that date?

Mr. Drury: Specialized advice after that date will be needed. There is no doubt about it. To assume that this department will have all the knowledge and all the skills required is, as I mentioned earlier, presumptuous. The provision of specialized advice on an ad hoc, or even on a continuing, basis is provided for by clause 15, which we will come to later. Clause 5, which is under discussion now, deals with the temporary manning of the department until December 31, 1964.

Mr. Smith: The minister does not seem to be very certain what kind of personnel he is going to need in his department. My riding is a typical secondary manufacturing industrial riding. In fact the dominion government impinges on the affairs of manufacturers there in five areas, namely tariffs, taxes, export policy, the industrial development bank and shipbuilding. There are experts on shipbuilding in the Department of Defence Production, some of whom deal particularly with tariffs, which is the big worry of many people in my riding. There are lots of experts in both finance and national revenue, and on taxation

there are experts in the same two departments. We have experts on export policy, and loan experts in the industrial development bank. What my manufacturers want are not more experts telling them what to do, but policies that will increase their businesses and give them a chance to survive.

Mr. Sharp: Mr. Chairman, during my absence I gather that the hon. member for Winnipeg South Centre has been making some suggestions that I, as Minister of Trade and Commerce, was unsympathetic with the objectives of this legislation, and that I might be concerned about the weakening of my department. I would like to assure the hon. gentleman that during the time I was in private life I was one of the first private citizens to advocate the formation of a department of industry, and I did that with full knowledge of the responsibilities of the Department of Trade and Commerce of which I had been deputy minister at one time.

I believe it is essential for the period ahead that there be centralized, in the department of industry, the administration concerned with industrial development in Canada. I believe that this will add greatly to the efficiency of the government, and that it will leave the Minister of Trade and Commerce more time to devote to his primary functions, which are the promotion of trade.

May I add, Mr. Chairman, that the Department of Trade and Commerce became involved in industrial development because of its offices abroad. These offices were receiving inquiries about the possibility of establishing industrial plants in Canada. So, in order to service those inquiries, it became necessary to establish an office in the Department of Trade and Commerce to which they could be directed.

I believe we have gone far beyond this point in the needs of the country for industrial development, and I consider that now there ought to be a department primarily concerned with industrial development, rather than trying to divide the interests of the Minister of Trade and Commerce among industrial development, trade promotion and trade policy which are his primary functions.

Mr. Kindt: Mr. Chairman, the Minister of Defence Production has previously informed the house that he has made no personal study, nor is he in a position to give any estimate on the cost of personnel in setting up this organization. This sounds bad; not only does it sound bad but it is bad. He is virtually asking this house to give him a blank cheque to hire people, without in turn giving the house any idea what the estimated costs will be. We have no target to shoot at and no facts on which to discuss this particular topic; therefore I think it should be deleted.

Mr. Pigeon: In the statement which he just made the minister used the word "centralized". We are afraid of that on this side of the house because the provinces do not like this word very much. I would like to know what the minister means by this word, because I think there is a danger of infringing on provincial rights.

Mr. Sharp: I was of course talking about centralization of functions within the Canadian government. I was not talking about centralization within Canada. I was talking about the importance of efficiency within the Canadian government service, and that there ought to be located in one place all those functions relating to industrial development. I was not straying beyond this very limited meaning of the word.

Mr. Nowlan: I do not want to ask the minister to answer too many questions right away. I know the difficulties involved, and sometimes it is better to proceed and deal with them all at one time. However clause 5 says—

—the governor in council may appoint persons—

—and so on, while clause 15 says—

—the governor in council may appoint advisers—

—and so on. I presume any person who is an adviser is an advisory person, and it seems to us on this side of the house that there is a complete duplication except that clause 5 says "having special knowledge." Clause 15 permits the minister to appoint anyone even without special or general knowledge, and I suggest there is complete duplication between the two clauses. I am not asking the minister which should be deleted. I think he should have the general power under clause 15, and that he should be prepared to withdraw clause 5 which is clearly a duplication of it.

Mr. Howe (Wellington-Huron): Further to the question asked by the hon. member for Macleod, I would like to ask the Minister of Trade and Commerce, who made reference to his experience in that department, whether he might have an idea how many and what type of personnel will be required?

Mr. Nowlan: If I can facilitate matters, perhaps the minister would be prepared to hold clause 5 in view of the questions which have been raised. We can hold that clause for a moment and then come back to it later when we reach clause 15.

Mr. Drury: I had hoped I made the distinction between clause 5 and clause 15. Clause 15 is a general continuing authority

for the appointment of advisers to the ministry and is really a standard feature in all bills. Clause 5, however, relates to temporary arrangements, in effect to provide for a lack of working personnel during the organizational phases of the department, and to enable the department to become effective at an earlier date than if we were to wait for the normal processes of recruitment and training by the civil service commission. It is a clause which sets out this purpose, and it is self determining. It will cease to have any force or effect after December 31, 1964, and the purpose of including it in here was to make it quite clear it was the intention of the government to proceed in this unusual fashion for a temporary, relatively short period.

I do not want to get ourselves dug in on this clause, which could easily happen and which would be somewhat unfortunate because there are other clauses which are much more important. We have raised this question with respect to clause 15, a clause which makes provision for appointments to be made by the governor in council in exactly the same way as clause 5 does. I was hoping we could proceed further with the bill and give consideration to these two clauses when we come to clause 15. Certainly, if we have a general power to appoint by order in council, as we have in clause 15, we do not need the powers in clause five. I do not know how many members will wish to discuss this point. There may be some. I was hoping to make progress. I made a suggestion. If the minister does not see fit to accept it, it may be that clause five will not go through and that it will be held up for some time. I do not know.

Mr. Muir (Cape Breton North and Victoria): I want to say one word on this. The minister was talking about these experts who would be brought in. I realize it may be difficult for him to say how many may be required, but presumably some estimate has been made. Is it 10, or 50, or 500? Can he give the committee a general idea?

I have in mind another matter. Would the minister be bringing in, for example, any expert or experts on the coal mining industry which is so important to both eastern and western Canada? If so, what will become of the dominion coal board? What would its functions be? Would it carry on in conjunction with these experts or would it eventually be eliminated? The coal board, to my mind, has done and is still doing a good job and I hate, frankly, especially in view of recent events, to think what might happen to the coal industry if the whiz kids really get hold of it.

Mr. Drury: I agree with the hon. member that the dominion coal board has been doing a first class job in relation to the coal industry in Canada. I can assure him it would not be the purpose of this department to endeavour to duplicate the functions of any other agency of the government or to arrogate to itself the functions which they are satisfactorily performing. If, for example, in relation to the coal mining industry any men were required, it would largely be for the purpose of affecting liaison between the coal board and the general apparatus of the department in relation to other industries—to make a bridge between the coal mining industry in Canada and possible coal consuming industries.

Mr. Peters: The minister has given us a statement telling us the purpose for which these people are to be employed. Has he considered that some of these advisers may prove to be of continuing value to the department and that the bill might have to be amended so as to allow such people to be retained automatically, in the civil service?

It seems to me that it is not desirable to have in the new department a conglomeration of people from other departments who had proved ineffective. It may be we shall need people from outside the country altogether. It is possible that countries such as West Germany, where remarkable industrial progress has lately been made, would agree to come here and participate in the development of industry in Canada. Subsequently it might prove that it was not to our advantage to let them go automatically because of the provisions which are at present in clause 2. I raise this question because it relates to one which I brought to the attention of our members the other night when I suggested that Dave Golden would be an excellent deputy minister. Someone has told me this was going to be a fact, and I would be curious to hear from the minister whether consideration has, indeed, been given to this suggestion.

Those who are chosen to join the staff of the new department will be valued more for the new ideas they are capable of bringing than, say, in terms of direct assistance to industry. A great many of our industries do not need assistance of a direct kind. The shipbuilding industry, for example, does not need people to give it advice. The companies are already in existence; they are extremely capable and all they need is an opportunity of producing. Their ability is proven. The aircraft industry, to mention another example, has already proven its capability. I think that is true of many other branches of industry. What are needed are new ideas. We are often surprised to read in

newspapers and periodicals about industrial developments which are taking place in countries abroad, particularly in Europe. We read from time to time about new processes which, so far, have not been tried here.

As I have suggested, the people whom we should recruit are those who would be capable of throwing a new light on our industrial processes, and these people should have an opportunity to become permanent officials of the department. The minister would be well advised to bring in people from as wide a sphere as possible. There are many ways in which they could use their talents. For example, there is a terrific potential—for something—in northern Ontario. We have chewed up the rocks for years in the course of mining operations, but nobody seems to know quite what can be done with this residue, although some research has been done in connection with the possibility of making use of this material. Possibly, building brick, opaque plaques, or other useful material could be produced from it. People who can devise ways of developing these raw materials profitably are the ones who should be retained. If the provision now before us means that their services can continue to be used in the department, I am in favour of it. If not, I think the clause should be given further consideration.

Mr. Drury: I think the hon. gentleman has proposed two alternatives in relation to clause 5; either that we have no interest in affairs beyond December 1964, which is manifestly incorrect, or that after that date it would be expected that those who remain in the civil service would qualify under the civil service regulations. We will continue to have an interest in these people, and after that date people joining the department and remaining in the department should be prepared to and be able to qualify under civil service regulations. By that time they should be ready to qualify.

Mr. Olson: Mr. Chairman, I wanted to make one or two comments while the Minister of Trade and Commerce was still here because he made one or two rather interesting statements, one of them being that the thought it was desirable to set up a department of industry so that the Department of Trade and Commerce or the Minister of Trade and Commerce could have an undivided interest and could pursue the matter of developing trade. Doing a little rapid calculation, if I may call it that, I take it that the minister of this new department will be fairly busy and that there will be a rather profound division of interests. If the argument of the Minister of Trade and Commerce is valid for his department, I think it is even more valid in this case. Because if I understand it correctly, the new minister will be in charge of regional industrial development. He is going to be in charge of industrial research; whether this includes the national research council or whether there is to be more specialized industrial research remains to be seen. Yesterday we had the announcement that he would also be in charge of emergency measures organization and assume all responsibility and functions previously handled by three different departments. He is also going to be the minister of automation, if I may call it that, because he will be charged with dealing with all the problems which arise because of automation. It does not necessarily spell out that this will also include the impact on the labour force, but we must certainly draw the inference from the provisions of the bill that he will be charged with the responsibility of automation as it applies to the industrial and perhaps the management side. In addition to that he is to be in charge of defence production and all that that involves.

Therefore, Mr. Chairman, I suggest that the reason given by the Minister of Trade and Commerce that he should not have his interests divided between trade and industry are even more valid in this case because, as I pointed out the other day, there seems to be a somewhat greater division of interest in all the things which are going to be assigned to the minister of this department than the two areas which seem to be so complementary to each other, namely trade and industry. I should like to have the minister reconcile this statement with what the government is actually doing in loading up the new minister with all these responsibilities. I will have something further to say on the next clause, because there is some question of jurisdiction which is to be included in this department. It seems to me a fairly complex situation.

While I am on my feet I should like to say a word or two about some of the provisions in the Glassco commission report which was discussed the other day. If the minister is going to do all the things which are apparently to be loaded upon him he will need more personnel, including personnel from almost all departments in the government today. I should like the minister to suggest whether the new minister can handle all these things without that division of interest which the Minister of Trade and Commerce indicates was undesirable.

Mr. Kindt: Mr. Chairman, in the interests of making progress and trying to be of help to the minister, would he mind holding clause 5 for discussion with clause 15 and let us get on with other clauses in the bill? Would

he mind temporarily holding this clause until we can discuss clause 5 and clause 15 together? If he would agree to that we can get on with the work of the committee.

Mr. Drury: Mr. Chairman, I have tried to make the point that clause 5 and clause 15 cover two quite different situations. Clause 5 relates to the problem of rapid staffing with persons having special skill, who cannot be found within the civil service up to December 31, 1964. Clause 15 provides for the obtaining by the government of advice from outsiders, who are outsiders and will continue to be outsiders. They will not form part of the staff of the department nor be employees of the department. Clause 5 relates to individuals who would be temporary employees of the department rather than merely advisers. In this sense clause 5 is different from clause 15, and also for that reason is placed in a different position in the bill. It follows the principal disposition regarding staff, namely clause 4, the deputy minister provision. There is this distinction; and to ask the committee to postpone this clause until some later date merely means the resumption of the discussion, I would suggest, that we are now having without any greater degree of enlightenment.

Mr. Dinsdale: Mr. Chairman, a short time ago the minister indicated the hope that many of these temporary employees might qualify for the civil service, following their one year's service. Would that qualification be based on their one year's service on a temporary basis or would they qualify in the normal way?

Mr. Drury: The normal way.

Mr. Flemming (Victoria-Carleton): Mr. Chairman, I should like to ask the minister, since he has given the committee the assurance that the intention is that the civil service will be used, why the words "civil service commission" do not appear in clause 5 or in clause 15?

Mr. Drury: Because the civil service and clause 15 do not come together at all.

Mr. Flemming (Victoria-Carleton): My point is this. Who has a better knowledge than the civil service commission about the qualifications of persons presently employed in the civil service? In addition to that, who has a better knowledge of the qualifications of the people whom they are examining day after day and who, for one reason or another, may not qualify for the position being considered at the moment? Having that knowledge at the disposal of the civil service commission, it seems to me something which should be incorporated in the clause.

Mr. Drury: I mentioned just before the hon. gentleman came in that advice would be sought of the civil service commission as to the availability within the present government service of the kind of person being sought, and it would be in light of the inability of the civil service commission to furnish from within the public service of Canada at that moment the kind of person sought that recourse would be had to this clause. I do not think I will yield to anybody in my high regard for the present public service of Canada, and my strong view is that continuous recourse should be had to the public service before looking elsewhere. This is, in a sense, a residual clause. In the absence of the ability of the civil service commission to find, from within the government service, the kind of persons sought, then recourse would be had to this clause, but not for longer than the period mentioned.

Mr. Smith: Mr. Chairman, will the minister assure us that persons employed under clause 5 will not be paid at a higher rate of salary than persons within the civil service, for comparative jobs?

Mr. Drury: I do not think it is possible to give that assurance, Mr. Chairman. Obviously, if you are going to get a man away from his business for a period of four months, it is probable that you are going to have to pay him a monthly salary which is higher than one would expect to pay a man who was engaging in the same job as part of a life's career.

Mr. Smith: Then if he was a very valuable employee and you wanted to keep him on after December 31, 1964, you would have to ask him to take a reduction in pay to stay on in the civil service?

Mr. Drury: That is correct.

Mr. Nasserden: Mr. Chairman, listening to the answers the minister has been giving in regard to this clause I am becoming more and more convinced that the clause is something that is not required in this particular bill. It becomes evident with every additional answer given by the minister today that the purpose of these people is to help with the organizing of the department, and as far as I can see we have people qualified to undertake that work in the public service of Canada at the present time. If we compare this clause with clause 15, there is also in clause 15 the power to secure the services on a temporary basis of those who may advise the minister and the department with regard to any manufacturing industry in any part of this nation.

Mr. Drury: As the hon. member knows, Mr. Chairman, under the legislation setting up the wheat board there is provision both for employees of the wheat board itself and an advisory committee to the wheat board. To use this as an analogy, clause 5 relates to the staff of the department itself and clause 15 relates to the provision of advisers in the same sense as advisers to the wheat board or the advisory committee to the wheat board. The hon. member will agree that these two functions are quite different and the kind of man required is quite different.

The hon. member suggested that the purpose of clause 5 is to provide persons to organize the department. I do not think it would particularly need someone with an intimate knowledge of and experience in the basic steel industry to organize a government department. The purpose is not to provide advice on organization, but to provide advice in relation to the steel industry.

Mr. Nasserden: I realize, Mr. Chairman, the importance of the steel industry to a department such as this, but it would seem to me that you might need a man for longer than the temporary period indicated in this measure. Would not an adviser in that capacity be required on a more permanent basis than would be provided under clause 15?

Mr. Drury: Mr. Chairman, those who would be appointed under clause 15 would be advisers on a continuing basis. They would not be employees of the department; they would come from outside and would continue, in that sense, to remain outside. Their functions would be as advisers and they would not be on the staff of the department. However, under clause 5 provision is made for the appointment of individuals who in the initial business organizing phase of the department will constitute, where they cannot be found from within the civil service, the staff of that department. If those individuals who are appointed under clause 5 can be persuaded to and desire to remain on in those jobs, they must, prior to December 31 1964, qualify under the civil service regulations. Clause 5 deals with staff; clause 15 deals with outside advisers, or advisory boards or advisory committees.

Mr. Langlois: Mr. Chairman, I would like to get some information from the minister. He is talking about civil service work and advisers. I was wondering whether he has considered the help that could come from another department, if people were employed for one year under the same clause. Also, in view of the fact that we are dealing with a specialized industry, we will need specialized technicians with regard to that industry. Will there be any foreign assistance, or perhaps civil servants, coming in from other countries to help us with regard to the production in this specialized industry in Canada? I am not talking about mass immigration in this respect, but perhaps we will need to take in some other people to assist in this connection. Could the minister give us some information on this subject?

Mr. Drury: Mr. Chairman, in so far as people now in the public service but within other government departments are concerned, they are already employees of the government and no special clause is needed in relation to their employment. In so far as those outside the government are concerned, I have expressed the hope that we have within the present industrial structure of Canada sufficient talent and ingenuity to enable us to find the necessary staff for this department without having recourse to the United States, to the United Kingdom or to the European countries. It would be my hope, and indeed it is my belief, that we could find within the present industrial structure of Canada the talents that we need.

Mr. Aiken: Mr. Chairman, the minister has given us an explanation as to the intention of dividing these two clauses 5 and 15. I have been reading them very carefully and I cannot see in the wording of the clauses themselves any difference in the authority which is granted. It seems to me, if I am not mistaken, that anyone who is appointed under clause 5 could just as easily be appointed under clause 15.

Mr. Nowlan: Or under the Defence Production Act.

Mr. Aiken: Yes; or under another act. But clause 15 is the all-inclusive clause which, I submit, is wider than clause 5. Both clauses provide for the appointment of persons to advise and assist the minister, except that clause 5 uses the words, "advise and assist" and clause 15 uses the words "advise or aid". However, there is very little difference in effect, except that those appointed under clause 5 shall discontinue their service on December 31, 1964. To illustrate my point I would like to ask the minister this question. If a person who was appointed under clause 5 came to the end of his service on December 31, 1964, could he not be reappointed under clause 15 to continue his work in the same type of temporary appointment, and not be under the civil service regulations at all? It seems to me that in both cases they are governor in council appointments and are not subject to any of the limitations of the Civil Service Act as to examination or appointment. It seems to me that clause 15 is all inclusive,

that clause 5 is unnecessary and that anyone he would want to appoint could be appointed under clause 15.

Mr. Drury: Mr. Chairman, I think that the essential difference in clause 5, if one gets down to the words, is in the words "to advise and assist the minister in the work of the department". I am told that these words mean that this makes provision for such individuals forming part of the actual staff of the department and as such being able to do work of an executive character, to advise and assist the minister in the work of the department. In clause 15 the words used are "to advise or aid the minister". There is no reference there to "in the work of the department". The reason for the inclusion of those words in clause 5, was to make it clear that under clause 5 there was provision for the temporary engagement of people to staff the department.

Mr. Nasserden: I think that all of us have great regard for those people who may have special knowledge of the manufacturing industries. However, the minister has come to parliament and is asking us to pass this clause which will give the governor in council the opportunity to select people to bring in for the purpose of organizing the department. From what has been said here today this might be a qualification for some of these people to be taken on the permanent staff of the department after December 31, 1964, and in my opinion this clause should be deleted.

Mr. Flemming (Victoria-Carleton): I should like to ask the minister whether he does not consider that a good deal of the specialized work which will devolve upon this new department is already being carried on by the Department of Trade and Commerce to quite an extent?

Mr. Drury: Yes.

Mr. Dinsdale: I think it is even broader than that, Mr. Chairman. A lot of the functions that will be undertaken by the new department are already carried on in other departments. What efforts will be made to co-ordinate those functions and bring about some intradepartmental co-operation? This was a subject that came under consideration in the Glassco commission report, and I would imagine that some serious attention is being given to rationalization and co-ordination of the functions already being carried on in various government departments in this area.

Mr. Drury: As I tried to outline the other day, Mr. Chairman, the purpose of establishing this department is to try to bring about, to use a term which one member does not like, the centralization within the federal government of all functions of government relating to the manufacturing industry in Canada. That is the purpose of the bill. It is recognized and has been stated that there are now being carried out in different areas of the federal government a large number of functions and duties which are here being devolved upon the minister and the purpose, as the hon. member has mentioned, is to co-ordinate the activities of the federal government in relation to the manufacturing industry.

Mr. Dinsdale: This would involve the transfer of some departmental branches to the new department of industry?

Mr. Drury: That is correct.

Mr. Howe (Wellington-Huron): On the question of centralization and the experts that are going to be brought in, may I ask the minister whether experts are going to be brought in from the corresponding departments in all the provincial governments of Canada that have to do with the particular functions that are going to be involved?

Mr. Drury: I am not sure whether the hon. member means that the department of industry is going to hire provincial government employees.

Mr. Howe (Wellington-Huron): Are you going to ask the provincial government departments corresponding to the Department of Trade and Commerce, for instance, to assist on a temporary basis?

Mr. Drury: There will be, of course, the closest collaboration between the new ministry, if we ever get it established, and all provincial departments of economics and industry; and one of my first acts would be to endeavour to get together with the provincial ministers who are concerned in this field. Clause 5, however, does not contemplate nor has it any relation to this point.

Mr. Kindt: I understood the minister to indicate that the Department of Defence Production which he heads at the present time will be absorbed by the new department of industry.

Mr. Drury: Under this bill the Department of Defence Production will not be absorbed. There are a number of functions currently being performed by the Department of Defence Production which will be useful to the department of industry, but because there is only one minister they will not be duplicated within the department of industry. There will be the closest possible integration between the two departments. In the meantime, as I mentioned some time earlier, a review is

being made of the functions of the Department of Defence Production with a view to the implementation of those aspects of the Glassco report which relate to expanding the functions of the present Department of Defence Production to cover areas other than merely defence procurement.

Mr. Langlois: Mr. Chairman, we have been discussing clause 5 for some time. As some other members have mentioned, this clause could go together with clause 15 and it would save a lot of time. We have provision here for appointments on a temporary or probationary basis. At the end of 1964 they will not be eligible under clause 5 any more, but will come under clause 15. In subclause 2 of clause 5 it is specified that they will cease to be employed after the 31st of December, 1964 unless they have the necessary qualifications, but then they will come under clause 15. I think we are taking a lot of time on clause 5 and it would speed things up if we could hold it over until we reach clause 15.

Mr. Drury: I will repeat again to the hon. member—

Mr. Smith: Before the minister starts may I interject one request along exactly the same line. From reading clause 15 there would appear to be three words in it that are very likely to prove objectionable to the official opposition. Those words are "appoint advisers and". Would the minister be willing to let clause 5 stand until he has had time to consider whether he will withdraw the words that we find objectionable in clause 15?

Mr. Drury: I am not sure what are the objectionable words.

Mr. Smith: The words are "appoint advisers and". Those are the words that we find redundant and a duplication of words previously appearing in the bill. Without them clause 15 would then read: "The governor in council may establish advisory and other committees".

Mr. Nowlan: I might say to the minister that I suggested a while ago that I thought it would be helpful if he would agree, as we have very often done in the past, to allow clause 5 to stand until we come to clause 15. In the Defence Production Act almost exactly the same language, if not exactly the same, is used and there is provision there that the minister shall have all the powers. Like the minister I should like to see some progress made and I suggest that we allow clause 5 to stand, and go on with the other clauses until we come to clause 15. Then we can revert, or do as the minister sees fit at that time.

Mr. Drury: In the interest of progress—

[Mr. Drury.]

Mr. Smith: And amity.

Mr. Drury: —and amity I would be glad to go along with this suggestion. I confess my inexperience in these matters.

The Chairman: By consent shall clause 5 stand?

Some hon. Members: Agreed.

Clause 5 stands.

On clause 6—*Duties, powers and functions of the minister.*

Mr. Nowlan: I think the minister should make some statement in respect of this clause. I know there are various detailed questions that could be asked, and I know some of my colleagues here are worried about which, if any, of these powers are not now attributed to one department or the other. I say to the minister, in all seriousness, that perhaps he could resolve the doubts which exist in a good many minds in respect of the basic philosophy of this bill. Where does manufacturing or industry stop and where does trade and commerce start? Where is the line?

This clause sets out the duties, functions and powers of the minister, which extend to and include all matters relating to manufacturing industries in Canada. I suppose, technically, that is it: all manufacturing. Surely, the department must go farther than that. There has to be a relationship between this manufacturing and the selling or disposing of the products which are manufactured, as well as the interrelated question of tariffs. Frankly, without taking up the time of the committee, because that is one thing I do not want to do for various reasons, we get back to the question I asked the minister the other day: Where do we draw the line?

I assumed, from reading the newspapers, that the minister will head the new department of industry. Where is the line between this department of industry and the Department of Trade and Commerce? Where does one start and the other end? I think that is the general problem which is raised by this as well as another clause in the bill. I can assure the minister that I am not raising this question simply for the purpose of obstructing or delaying the bill. This is the last thing I want. I was hoping we would make further progress and that certain things could happen so that we would be dealing with something else tonight. Apparently we are not going to reach that halcyon stage between now and five o'clock.

I believe this is the fundamental question. There are other questions which certain of my friends have, but I should like the minister to try to clear up what I feel is the root

problem in the establishment of this new department, which would be imposed upon the present department. Where do you draw the dividing line between the functions exercised by this minister and the functions that are going to be exercised by the Minister of Trade and Commerce?

Mr. Drury: Mr. Chairman, I think the hon. member, in effect, is seeking a definition of manufacturing industries in Canada. It must be so because the duties, in so far as there are any duties incumbent upon this minister, are outlined in the bill. The powers, in so far as the minister has any powers, are outlined in this bill. The functions, in so far as there are functions, are also stipulated in this bill. We need merely to go on to subsequent clauses to discover what those powers are.

There is, perhaps, a question as to what is meant by "manufacturing industry". There is published by the dominion bureau of statistics a document known as catalogue No. 12501, occasional, and this is a classification of manufacturing industries in Canada. It is some 280 pages long. There are, in Canada, what are known as primary industries, and those are the ones relating mostly to Canadian raw materials in their initial form. We have now, within the federal government service, specific government departments relating to most of these primary industries, to wit, the Department of Agriculture in relation to primary food; the Department of Mines and Technical Surveys in relation to primary metalliferous products; the Department of Forestry in relation to forest products; the Department of Fisheries, the most important of all, in relation to our fisheries.

Beyond this stage of primary extractions, primary preparation, is the secondary stage of further processing. Popularly, this stage of manufacturing or industrial activity is called secondary, and it is with this phase of industry in Canada that the new department is concerned, secondary manufacturing in Canada. The classification or delineation of industries with which this new department will be concerned is contained in this large document. I would summarize to some extent by pointing out that there are 20 main classifications of manufacturing industries which I may read for the record:

1. The food and beverage industry
2. Tobacco products industry
3. Rubber products industries
4. Leather industries
5. Textile industries
6. Knitting mills
7. Clothing industries
8. Wood industries
9. Furniture and fixture industries
10. Paper and allied industries
11. Printing, publishing and allied industries
12. Primary metal industries
13. Metal fabricating industries
14. Machinery industries
15. Transport equipment industries
16. Electrical products industries
17. Non-metallic mineral products industries
18. Petroleum and coal products industries
19. Chemical and chemical products industries
20. Miscellaneous manufacturing industries

These are the industrial classifications. To endeavour to produce an all-encompassing, precise definition, certainly would be beyond my powers and I think the powers of most people. Generally, the manufacturing industry which is covered by the words "manufacturing industry" in the bill are those manufacturing industries in Canada contained, defined or listed by the dominion bureau of statistics under standard industrial classifications.

(Translation):

Mr. Paul: Mr. Chairman, could the minister give us an explanation on the literal meaning of clause 6 which reads as follows:

> The duties, powers and functions of the minister extend to and include all matters relating to manufacturing industries in Canada over which the parliament of Canada has jurisdiction.

The minister just gave us a list of the industries which figure in the booklet 12501 of the Department of Trade and Commerce, but will the activities of the new department extend to all the industries just referred to by the minister or will they be limited to companies incorporated under a federal statute? Will a corporation with a provincial charter fall under the jurisdiction of this act?

Mr. Drury: Mr. Chairman, I do not think a reference is made to charters, whether federal or provincial. There is no reference to the charter of a corporation but rather to the jurisdiction of the federal government concerning all corporations whether they hold a provincial or a federal charter.

Mr. Paul: Does the minister mean that activities of a corporation will determine whether or not it comes under the provisions of this act?

(Text):

I would like that answered.

Mr. Drury: Mr. Chairman, I think it would be perhaps more expeditious were I to listen to a number of questions than to try to answer them individually as they are put. It may avoid repetition. In this case I think the hon. member is implying that some industrial operations in Canada are going to come under the control of the minister, but this is neither the intention of the bill nor will it be my intention.

(Translation):

Mr. Paul: Is the minister not afraid to impinge, through the enactment of this legis-

lation, upon the provisions of civil law concerning property and ownership, because some corporations come under provincial jurisdiction?

According to the remarks of the minister, it would now mean that the department wants to intervene in a field which is under exclusive provincial jurisdiction. And at this point one might wonder whether such legislation is not in contradiction of civil law?

(Text):

Mr. Prittie: Mr. Chairman, I have just one question which I think is appropriate to ask at this point. Could the minister tell us does he contemplate transferring the small business branch of the Department of Trade and Commerce to the new department, or will it continue where it is at present?

(Translation):

Mr. Martineau: Mr. Chairman, following the answer just given by the minister to the hon. member for Berthier-Maskinonge-Delanaudiere, I would like him to explain to the committee what the following expression means:

"—to manufacturing industries in Canada which are under the jurisdiction of the Canadian parliament—"

(Text):

Mr. Smith: I would like to ask the minister is it proposed to transfer the functions of the industrial development bank to the new department, and is it proposed to transfer part of the functions of the dominion bureau of statistics also? If not, then it would seem from the bill that there will be a great duplication in the reporting required of companies, and I may say companies are already a bit tired of reporting things to the government.

(Translation):

Mr. Langlois: Mr. Chairman, it seems that the matter raised at this time is a particularly delicate one, especially in eastern Canada. Could the minister tell us approximately where is the dividing line between the jurisdiction of the federal government and that of the provincial government, especially as far as the safeguard of provincial autonomy is concerned. I ask this question because all this seems confused and to constitute a certain infringement, because there is no dividing line, so to speak.

Can the minister tell us what will be the dividing line and what provisions are being made to restrict the department to its particular field and the provinces to their own fields, without any infringement, neither on one side, nor on the other?

(Text):

Mr. Muir (Lisgar): When the Minister of Trade and Commerce was in the house he spoke of the functions that it will be possible to centralize in this department. I am rather surprised at his equanimity sitting here part of the afternoon and watching a major operation taking place on his department. It seems to me the whole bill is a first rate example of the application of Parkinson's law to the functions of government.

I would like the minister to tell us what functions will be centralized by the setting up of this department, and I would also like to have him answer a question which I put to him the other day and which he said could be answered when we got to clause 6. At that time I asked him was it the intention of the government to make funds available to finance some of the industries that it would be considering, and his answer was that clause 6 would indicate the process through which the new department would have to go. Will the department set up a maximum amount of money to be spent during any one year, or are we just going to give the government a blank cheque and say, "spend it as you like"?

The Chairman: Shall clause 6 carry?

(Translation):

Mr. Pigeon: Mr. Chairman, I should like to ask a question of the minister. If a province wished to set up a heavy industry such as is the case with the province of Quebec which is considering the establishment of a steel complex, what facilities would the new department of industry have to offer, without violating provincial autonomy, what steps could it take for the express purpose of helping our province set up a steel industry?

I feel my question is of great actuality especially in the province of Quebec where economic liberation is a frequent topic of conversation these days. I would be most happy if the minister could tell us how the new department could play a useful role and help a province like Quebec to carry out such a project by granting long term loans or doing research work.

I am aware that Ontario, which wanted an atomic power plant, entrusted the Chalk River laboratory, that is atomic energy, with the research needed to set up such a plant. Such research cost the Canadian government, according to what I have been told, about $30 million. That amount was paid by all the taxpayers of Canada in order to set up, in the province of Ontario, an atomic power plant that, in a few years, will supply power to the province of Ontario and will help its industry directly.

Should the province of Quebec ask the minister to allow the national research board to conduct the research required to enable it to set up a steel plant, would he agree to make such a recommendation to the national research board, even if that study were to entail an expenditure of approximately $15 to $20 million, as was the case for the province of Ontario?

We would be very happy to know what the minister would do, especially we, in Quebec, who consider that a great proportion of unemployment—

(Text):

The Chairman: Order. It being five o'clock it is my duty to leave the chair in order that the house may proceed to the consideration of private members' business pursuant to section 3 of standing order 15.

PRIVATE BILLS

SECOND READING

Bill No. S-12, respecting Ukrainian National Federation of Canada—Mr. Mandziuk.

GENERAL MORTGAGE SERVICE CORPORATION OF CANADA

Mr. Ian Grant Wahn (St. Paul's) moved the second reading of Bill No. S-20, respecting General Mortgage Service Corporation of Canada.

He said: General Mortgage Service Corporation was incorporated in 1961 after the incorporating bill had been very carefully considered both by this house and the other place. A bill similar to the present amending bill was introduced last session in the other place and was given a second reading and referred to committee there. Dissolution prevented passing of that amending bill. Hence the introduction of the present amending bill.

The debates I have referred to contain a great deal of interesting and useful information with regard to the company and its purposes and for the benefit of those who may be interested in reviewing them before discussion in committee, may I provide the following references where the discussion can be found: Debates of the Senate, 1960-61, pages 550 to 556, pages 583 to 584 and pages 630 to 636; debates of the Senate 1962-63, pages 545 to 547 and current Senate debates pages 117 to 120; House of Commons debates, 1960-61, pages 6284 to 6288 and pages 7143 to 7147.

I might add that when the incorporating bill was in committee of this house, members of all parties emphasized the careful manner in which the measure had been considered in the course of its passage through parliament

Because of the careful consideration which it has been given in the past, I feel I should be very brief, but a few words with regard to the purposes of the company may be helpful in explaining the reasons for the introduction of the amending bill now before this house.

One of the principal purposes of the company was to widen the market in Canada for N.H.A. and conventional mortgages. To this end, the company was authorized to raise money by the issue of its own series A mortgage bonds and to invest the proceeds in N.H.A. mortgages, thus widening the market for such mortgages. The company was also authorized to raise money by the issue of series B mortgage bonds. The money so raised was to be kept separate from the money raised by the sale of the series A mortgage bonds and was to be invested in mortgages other than N.H.A. mortgages or, alternatively, in real estate for the production of income.

The purposes of the amending bill now before this house are threefold. The first is to provide for the use of a French name. This is provided for in clause one of the amending bill. The second purpose is to permit the company to invest funds in securities of, or guaranteed by, the government of Canada or the government of any province of Canada or any loans fully protected by such securities, pending the investment by the company of such moneys in N.H.A. mortgages. This is provided for by the new section 9A which is set out in clause 2 of the amending bill.

The third purpose is to remove any doubt that might have existed under the original incorporating statute that the company not only has the right to sell its series A mortgage bonds and series B mortgage bonds, but also has the right to pledge such bonds to any Canadian chartered bank as security for money borrowed, provided that the principal amount of the bonds so issued by way of pledge does not exceed the money borrowed on the security thereof. This is provided for in new section 9B contained in clause 2. New sections 9C, 9D, 9E contained in clause 2 of the amending bill are merely technical in nature and are made necessary by the provision permitting the company to pledge its bonds to chartered banks.

I should also point out to the house that this company is subject to the regulatory provisions set out in the Loan Companies Act. The amending bill has been cleared with, and is satisfactory to, Mr. K. R. MacGregor, the superintendent of insurance, under whose department the company is registered. It is my understanding that Mr. MacGregor and officers in the company will be available in

the committee to which I trust this bill will be referred to answer in detail any questions which hon. members may have.

Finally, perhaps I might mention that the company's act of incorporation provides that not less than 75 per cent of the directors of the corporation shall at all times be Canadian citizens ordinarily resident in Canada. It also provides that at least 60 per cent of any offering of stock shall be reserved for a period of 15 days from the date of such offering for purchase by corporate or natural persons ordinarily resident in Canada.

I am informed that in fact all directors and officers are Canadian and that about 99 per cent of the outstanding stock is owned by Canadians.

Mr. Arnold Peters (Timiskaming): I am sure we appreciate the remarks made by the sponsor of this bill. I, personally, welcome his statement that the directors of this company are all Canadians and that the majority of the stock is held in Canada. This, of course, corresponds with the provisions we would like to see incorporated in all these measures as a directive to companies bringing bills before parliament so as to bring about a situation which, I am sure, all hon. members are desirous of achieving.

This particular amendment is of interest for two reasons. The sponsor has told us that a change of name is involved. The company wishes to have a French as well as an English name. I think all hon. members, and particularly those fluent in both French and English, would be interested in a discussion which took place in the Senate on June 27. The point at issue may seem to be a small one, but I think it deserves close consideration. It illustrates the necessity of obtaining the best advice possible as to the correctness or otherwise of the translation. I was interested to note that the remarks made in the Senate about the adequacy of the translation were not particularly favourable. Hon. senators asked whether it would be possible to produce a more appropriate French version of the name, and considerable discussion took place as to whether or not it was possible for legislators to make amendments to a bill going so far as to change the actual name itself. The question was raised whether such an amendment would be good legislation—whether it would be desirable to introduce a French version of the name which was not necessarily a direct translation. Some companies would have an exact translation of their name and others would not. We appreciate the remarks made as to the changes in the financial structure of both the A and B series of mortgages, the series A covering the bonds issued by the company for national housing loans, and series B bonds covering other than national housing loans. I believe the sponsor, in presenting this information today, has fulfilled some of the requirements which we have suggested should be inherent in all private bills brought before this house, and I personally am very happy that he was able to inform us that the requirements of Canadian directorship in this company have been extended beyond the requirements of the present act.

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

IMMIGRATION

PROVISION OF AMNESTY RESPECTING IRREGULAR OR ILLEGAL ADMISSIONS TO CANADA

On the order:

Second reading of Bill No. C-18, an act to grant amnesty to and confirm the rights of Asians, Africans and other persons subject to racial discrimination whose admission to Canada may have been irregular or illegal.—Mr. Wahn.

Mr. Ian Grant Wahn (St. Paul's): Mr. Speaker, may I say a word on this. It is my understanding that, as forecast in the speech from the thone, the government will undertake a major review of immigration policy. I hope that following this review reforms will be made promptly which will establish a more satisfactory amnesty policy for those who have been victims of discrimination in the past and prevent continuance of discriminatory practices in the future. Since the whole matter is under review I ask that this bill stand.

Some hon. Members: Agreed.

Bill stands.

ANNUAL VACATIONS ACT

PROVISION FOR TWO WEEKS HOLIDAY AFTER ONE YEAR

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. C-20, to amend the Annual Vacations Act.

He said: Mr. Speaker, this is a very simple bill, and very easy to understand. It does only one thing. Therefore my remarks will be brief and I hope the house will agree to the principle of the bill. The bill proposes an amendment to the Annual Vacations Act. As hon. members are aware, the Annual Vacations Act, which was passed in the 1957-58 session, provides that all employees who come under federal labour jurisdiction shall be entitled to an annual vacation. The main detail of that provision is that an employee who has worked at a job for two years or more gets two weeks vacation with pay. However, as the act now reads an employee who

has worked for less than two years but more than one year gets only one week's vacation.

At the time this legislation was presented to parliament we tried to get the government of the day to amend its own bill to make the provision for two weeks vacation with pay applicable after one year of employment. As a matter of fact, even before the government of that day brought in its bill I had introduced, in fact I had done so on several occasions, a bill calling for two weeks vacation after one year, and it was a matter of regret to me that the lead having been given and a better bill having been drafted the government of that day did not go all the way. The purpose of this amending bill is to correct that slight error. If this bill is passed it would amend the Annual Vacations Act to provide that employees coming under federal labour jurisdiction would in all cases get two weeks annual vacation with pay after employment for one year. There is, of course, provision as to what happens in the case of those who work for less than one year, namely that they get vacation pay on a pro rata basis; but that is a detail which we need not go into at this time.

I might say that when I introduced this measure in the days prior to the election of 1957 it did not get much support from the Liberals; but it did get support from the Liberals during the days when they were in opposition. Now they are back on the other side again, and I hope they do not keep changing back and forth. I hope that some of that change of heart, some of that contrition, some of that new approach that we have heard about, will express itself in the present government's attitude toward labour legislation. We have already had one instance of the Liberals talking out a piece of labour legislation which they supported when in opposition. I hope they are not going to do that today.

As I say, this is a simple bill carrying out a proposal supported by the Liberals when they were in opposition. It carries out one of the proposals advocated by them during the election campaign, namely an over-all labour code which would provide for statutory holidays with pay, for minimum wage legislation, for maximum hours legislation, and for two weeks annual vacation after one year's service. Because this is the position of the Liberal government, and has been the position since at least 1957, and because they took that position in the recent election campaign, I hope they will support this measure.

I wish to make it very clear, Mr. Speaker, that if this bill is given second reading I will not try to move it into committee of the whole and push it through all its stages in one day. If it gets second reading or approval in principle it can, of course be dealt with at a later occasion. In that event I would move that the bill be referred to the standing committee on industrial relations.

As I say, Mr. Speaker, the principle of this bill is very simple. It is one that has not only had the support of the Liberals during certain times, but it had the support of the Tories in days gone by before they were in power. I hope we can correct all this musical chairs business that we have had in recent years and can get together today on something that at one time or another we have all agreed upon, namely that workers should have two weeks annual vacation with pay after one year's service. Therefore, I hope it will not take the house too long to reach a decision on this bill, and that the decision will be favourable.

Mr. Gerald A. Regan (Halifax): Mr. Speaker, we on this side of the house are of course in agreement with the purpose and principle embodied in Bill No. C-20. Belonging to the party that has enacted practically all the labour legislation in effect in this country, and a party that has for some time included two weeks vacation with pay in its proposed labour legislation, there can be no question with regard to our position on the principle which is embodied in this bill. I was very pleased a few minutes ago to hear the hon. member for Winnipeg North Centre (Mr. Knowles) refer to the fact that we had shifted back to this side of the house, and then say he hoped we would not be shifting any more.

Mr. Knowles: That is a gross misunderstanding.

Mr. Regan: We are in full concurrence with the sentiment the hon. member expressed.

Mr. Knowles: Mr. Speaker, the hon. member knows that I meant a shifting of views.

Mr. Regan: Mr. Speaker, if there is one thing with regard to which I would express some regret with reference to this bill, it is that I wish this house had the constitutional power to pass such legislation for all workers in Canada. Unfortunately the provisions of the British North America Act restrict the application of federal labour legislation to a relatively narrow field of enterprise. But we would hope—

An hon. Member: What about centralization?

Mr. Regan: I am in favour of this type of centralization. But we would hope that such enactments in the labour field would lead those provinces which do not have at the present time vacation with pay legislation, which is as favourable as would be provided under this bill, to follow this example. It is

my understanding that four provinces have provisions at least as favourable as this at the present time, and the others do not.

Mr. Knowles: As favourable or more favourable.

Mr. Regan: That is what I said. They are meant to be, at any rate. There are some authorities—speaking of the constitutional point—which maintain that a review by the courts of the extent of jurisdiction of federal labour legislation today would possibly result in a somewhat broadened recognition of the scope of application of federal legislation. I do not know whether this is the case, but it is interesting that it has been quite a period of time since the courts have had occasion to review this question.

Two weeks annual vacation with pay is only part of the changes proposed by this government in the field of labour legislation. We already have on the order paper a resolution to establish the Canadian pension plan, which will provide portable pensions for our workers, and we are now studying the effects of further labour legislation on the industries concerned. During the election campaigns of 1962 and 1963 the Liberal party indicated that it would institute a federal labour code which would apply to industries under federal jurisdiction and work done under federal contracts. This labour code, according to our undertakings, would establish a minimum wage of $1.25 an hour, a maximum working week of 40 hours, pay for two weeks vacation—as is embodied in this bill—and at least seven statutory holidays, with national standards of health and safety and other working conditions for the protection of the public interest.

Mr. Knowles: When?

Mr. Regan: My hope is as strong as the hon. member's that it will be in the very near future; and I feel quite confident that this will be the case. We in this party also recognize the need for a revision of our conciliation procedures and with the co-operation of trade unions and employers in this country we intend to speed up these procedures, which sometimes take quite a period of time, while at the same time not lessening the freedom of negotiation and not encouraging unnecessary conciliation when collective bargaining can effectively reach the desired end.

I mention these things, Mr. Speaker, to indicate that the subject raised in Bill No. C-20 namely revision of labour legislation, is only a part of the much larger proposal which we in this house must consider within a very short period of time. Based on the annual survey of working conditions of May 1, 1962 from the economics and research branch of the Department of Labour, we see that 56 per cent of employees in industries under federal jurisdiction already get a minimum of two weeks vacation after one year's employment. This estimate excludes federal government employees who I believe already have vacation allowances at least equal to that proposed. It should also be pointed out that a large number of the employees in establishments not granting two weeks vacation after one year of employment do qualify for two weeks vacation after a longer term of service.

Some facts are clear, however, Mr. Speaker. The bulk of the impact of a reduction from two years to one year would be felt mainly by the railway industry, where provisions are for two weeks vacation after two years of employment. There are more than 130,000 employees in this industry, which is approximately 41 per cent of the total now under consideration. Twenty per cent of these already get two weeks vacation after one year's employment. Of the remainder it is difficult to estimate how many would be affected by the proposed change, as it can be expected that most of them would have more than two years seniority in their positions at this time. But regardless of the cost of the implementation of the principle embodied in this bill as affecting the railway industry, and indeed those other industries which do not have such a liberal provision at the present time—but I am speaking specifically of the railway industry—I think the workers have subsidized the railway by working for substandard fringe benefits long enough, and it is only proper that they should receive the same consideration as other citizens.

Consideration of labour legislation of this type is topical at the moment because the International Labour Organization recently completed its annual deliberations at Geneva, Switzerland. This organization, in its annual gatherings, with representatives of almost every trade union of nearly every country in the world, has over the years passed something like 120 conventions with the hope that all the principal countries would accept those conventions. Canada's record as regards accepting the conventions passed by the I.L.O. is very bad indeed; it is one of the worst of all countries. I think I am accurate when I say that less than 20 conventions passed by the I.L.O. have been adopted by Canada. We are sometimes told that this is because, first, Canada is a federal state and therefore, of course, the federal parliament does not have full jurisdiction in labour matters. But Germany is also a federal state and they have adopted a far greater number of conventions passed by the I.L.O. than has Canada. Another argument for the non-acceptance of

I.L.O. conventions in Canada has been that sometimes our existing legislation goes further. But I think, again, this is a fallacious argument, because it would be a very good example for Canada to set for other parts of the world if we were at least to adopt all the conventions passed by the I.L.O. as minimum standards, even if we do have better standards in this country.

I would urge personally that when the government is considering the adoption of the principle embodied in Bill No. C-20 it be included in a larger bill incorporating a number of measures such as were outlined in the Liberal platform in the past election. I would also suggest that in the latest convention passed last month at Geneva, Switzerland, by the I.L.O. there is a very worth-while subject which has not yet been touched upon, by federal legislation, at any rate, in Canada and which I think could very well be considered in the same bill as the question of increased vacation benefits. The convention comes close to a reform in labour legislation which I have long favoured.

I have long felt that there is a need for some sort of statutory grievance clause specifically applicable only to those employees in the country not covered by a collective agreement so that an employee who has gained what I would call a vested interest in his position by spending 15, 20 or 25 years at one job and who has built his home in the area and educated his children there because of the location of his employment, will not be lightly dismissed by his employer at the age of 55 or over merely because he has become half a step slower or because stampeding automation has made his skills outdated.

An hon. Member: Would that apply to a member of parliament?

Mr. Regan: It would have to apply to a member of parliament; but I am sure there are none here on either side of the house who are not fully skilled. I want to point out that the convention passed at the most recent meeting of the I.L.O. embodied this type of consideration. It dealt with the conditions under which an employer could terminate the services of an employee. I am not going into the full details because I am wandering a bit from the immediate subject in the bill before us.

Mr. Knowles: A bit?

Mr. Regan: I am returning forthwith to the bill. The convention dealt in general with the amount of notice that an employer must give to an employee and the fact that there must be a proper cause for dismissal. I do not know whether we would go so far as to say that a person with a very short term of employment could not be dismissed after proper consideration, but I do feel that if the tenure of the employee in his position has been long enough that he has built up a considerable amount of seniority, there should be some protection for his job in circumstances where he is working in employment not covered by a collective agreement, and which in many instances because of the nature of the work or the small number of employees probably never will be covered by a collective agreement.

In leaving this subject and returning more directly to the subject in question, may I say that last month in Cape Richibucto, New Brunswick a long term employee by the name of Thomas Allein who was not covered by a collective agreement was discharged after having served for many years with the U.M. fishermen's co-operative. Ostensibly he was discharged for no reason at all, but there is some reason to believe that he was discharged for helping to organize a union. This is a case where there was no collective agreement and no effective remedy. This type of situation should be covered by legislation and I commend to the attention of the minister and the Department of Labour the convention passed recently by the I.L.O.

An hon. Member: Talk about the bill.

Mr. Regan: I do think that we should take a general approach to a federal labour code rather than a piece by piece approach. I know that the government has the whole matter under active consideration and it is my hope that legislation will be presented to the house at this session to deal with the questions of minimum wages, hours of work, working conditions, safety regulations, statutory holidays and vacations with pay. I hope the government will look favourably upon the principle embodied in this bill. Certainly the hon. member who introduced it has shown over a period of time that he is genuinely interested in matters of this type.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am very pleased to support the bill and it also pleases me that for a number of years I had the opportunity of introducing one of a similar nature.

Mr. Knowles: While I was on vacation.

Mr. Peters: While the hon. member for Winnipeg North Centre (Mr. Knowles) was on vacation. The Annual Vacations Act that we have in the federal field applies, of course, only to those employees under the jurisdiction of the federal government. It does not really cover the same field as the I.L.O. does, and even under the limited provisions of the act we now have employees who do not receive the same consideration in some

parts of Canada that the hon. member suggested will be inherent in the new labour code that is going to be introduced this session, with my support as well as that of the previous speaker.

In the last few days a situation has come to my attention which indicates that even the limited provisions we now have are not being applied to those to whom I consider they should be applied. I have reference to employees in the Northwest Territories. I have spoken to officials of a number of branches of the government about this matter and I would point out that the problem is not nearly as simple as it might seem to be when areas are involved that are not under provincial jurisdiction. However, I was interested to find out that in many cases there are loopholes in the present Annual Vacations Act which are taken advantage of by employers in the Northwest Territories carrying out contracts under the jurisdiction of the federal government. To make the act applicable in the Northwest Territories the government has to declare the project to be in the interests of the public of Canada. Sections 2 (a) (viii) and 2 (a) (ix) of the act read as follows:

2. In this act,

(a) "federal works, undertakings or businesses" means . . .

(viii) such works or undertakings as, although wholly situate within a province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces; and

(ix) any work, undertaking or business outside the exclusive legislative authority of the legislature of any province, and all other works, undertakings or businesses that are within the legislative authority of the parliament of Canada, but not including any works, undertakings or businesses of a local or private nature in the Yukon Territory or the Northwest Territories.

I know that occasionally in some of the provinces there are difficulties in applying some of the terms of what we consider to be the very minimum provisions of federal acts, and certainly the Annual Vacations Act falls within this category. Even if this amendment to the act were adopted it could be further amended to bring about the advantages already enjoyed in some of the provinces. This legislation is not always applied even though it is the minimum in some of the provinces and I would suggest that one Liberal premier has not seen fit to endorse the ideas of the previous speaker and has spent a great deal of time and effort, not in providing legislation to assist but rather to retard the advancement of a labour code and normal operation under reasonable and accepted labour legislation.

I believe that the way this act is worded, Mr. Speaker, would make it applicable to the employees of the contractor in the Northwest Territories who want annual vacations with pay under the terms of this special statute. This privilege is being denied to them because there is a difference of opinion amongst the various departments such as the Department of Labour, Department of Public Works, Department of Justice and also citizenship and immigration, which have some administrative responsibility for these employees in the Northwest Territories.

I should like to suggest to the mover of this bill that a further amendment be included to make this statute applicable, along with a number of other statutes included in the federal labour code, to the Northwest Territories and the Yukon in all spheres in which legislative action has not been taken by the councils of these areas. The terms set by this legislation should not be considered as the maximum or even as superseding those provided by collective agreement, but should be regarded as minimal provisions for a labour code to be applied in those areas not covered by collective agreement. I suggest that the Northwest Territories, under the commission, have been sorely neglected in this field. I was shocked to find how limited the knowledge of the commission was in regard to what applied in the Northwest Territories and what did not.

I received a request from one of my constituents who is now working in that area to ascertain whether or not the annual vacations with pay legislation applied. I spent the greater part of three days talking to 50 or 75 people in the various departments concerned. About half of them were of the opinion this legislation applied and the other half were of the opinion it did not. It seems to me it is about time that we provided federal legislation in the areas not covered by provincial legislation. I hope that this measure will be referred to a committee and that the committee will give some consideration to an amendment to the annual vacations with pay act which will provide the employees in the Northwest Territories and the Yukon with this coverage. I hope that this amendment will cover those employees who come within the jurisdiction of this measure in those areas where the territories or the provinces have not enacted such legislation.

(Translation):

Mr. Jean-Louis Frenette (Portneuf): Mr. Speaker, it always gives me pleasure to take part in the discussions that take place between five and six o'clock, because these debates take on a very special character.

Contrary to the usual practice, it seems then that very often all members support the proposals submitted to them.

As it will be six o'clock in fifteen minutes, I shall be brief.

I do not want to be accused of any offence with regard to this bill, but I would like to congratulate the hon. member for Winnipeg North Centre (Mr. Knowles) who introduced it.

I can well conceive that such workers who are now covered by a federal legislation include a certain class who has not yet been able to organize itself. Therefore, I feel it is our duty to look after and protect this class of workers who are now left to their own devices.

In my opinion, that is fair to a majority of workers already organized or already protected by agreements.

Provincial laws should be fair to all workers, and that is why I believe I speak for all members of my group in strongly supporting the piece of legislation submitted in the form of Bill No. C-20.

I believe also that we should take this opportunity to give some guidance to labour legislation in certain provinces that are less advanced than others, and, if the example comes from the federal government, then chances are that it will be followed by other provinces which are less advanced in this field.

Now, the cabinet and the members on the government side complain that debates proceed at a slower pace than they would like. I believe that they should take advantage of this favourable opportunity which is given to us to pass a really constructive measure which would improve the status of our fellow citizens, that is my fellow workers, because I am still one of them. They should take advantage of this opportunity and give second reading to this bill so that it may be referred to the committee of industrial relations and that it may have the effect intended by the hon. member who moved it.

For all those reasons, Mr. Chairman, I shall resume my seat at once, but I am happy to give my strong support and co-operation to the bill.

(Text):

Miss Pauline Jewett (Northumberland): Mr. Speaker, if I may be so presumptuous, I should like to say a few words of commendation to the hon. member for Winnipeg North Centre (Mr. Knowles) for his very long adherence to the cause of better working conditions. This has been a long adherence, I know, although I have not been in the house myself. He has introduced bills time after time, year after year—

Mr. Knowles: Since before you were born.

Miss Jewett: —and he deserves the warm commendation of all of us for having done this. I am sure it has been, at times, a very frustrating experience for him, having to sort of chip away, year after year, at the stolid majority parties he has opposed. No doubt his main consolation, and perhaps the consolation of other hon. members in the smaller parties, particularly in his party, is that if it were not for them the Liberal party would still be in the stone age and the Conservative party in an even earlier era.

Mr. Knowles: Would be?

Miss Jewett: I am sure they console themselves with this thought. I should like to take this opportunity, indeed this is the reason I am standing up for a few minutes, of reminding him that there are, and always have been, a number of progressive spirits in these large omnibus parties. There are a number of us who have adhered to many of the ideas to which these hon. members have adhered, such as better working conditions, for a number of years. There are a number of us who want very much to see this kind of measure enacted. I believe, myself, there is a far greater likelihood of this being done today than there was during the past six years.

I think it is unfortunate that the attitude that is often taken by the public in this country is that all of the members of a large party—I speak now of the Liberal party—are moss-back reactionaries and that no new, bright progressive ideas would ever be implemented were it not for the members of the smaller parties. As the hon. gentleman knows there have been many members of my party who have pushed ideas such as this one. Indeed, the former leader of this party pushed ideas such as this. I am referring now to the late William Lyon Mackenzie King. I think one reason that they are not particularly sympathetic when we say we do push progressive ideas is that they have never, themselves, been in a position of any responsibility, of forming a government or of belonging to a large, omnibus party, where it is inevitably much more difficult to put one's own ideas across than it is when one belongs to a small, select group.

There is diversity of opinions across this country, and diversity of opinions within this party. Therefore those of us who may take certain views cannot just expect to have these adopted overnight. Indeed this was Mr. King's experience. I was reading the Secretary of State's book the other day and noted this comment, on page 572, where Mr. King said he was afraid the labour movement had been

getting away from the government of which he was the head, simply because of the degree to which some of his colleagues had become surrounded by interests that were at least not sympathetic to labour.

It is not the case that a large party in a country like Canada can always adopt ideas, which the hon. member for Winnipeg North Centre (Mr. Knowles) thinks desirable, the minute the ideas first emerge. It takes a fair amount of time to broaden the basis of consent to these ideas, even to an idea such as two weeks holiday with pay after one year's work. I do want to remind him, however, that there are many of us who share his views, and once again I commend him for having so frequently brought this particular idea forward.

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I move, seconded by the hon. Minister of Citizenship and Immigration:

That this bill be not now read a second time but that the subject matter thereof be referred to the standing committee on industrial relations.

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise for just a moment or so. While I had hoped that the bill might be given second reading and the bill itself be sent to the committee, nevertheless if those on the other side feel they are not prepared to move quite that fast then I do welcome what has now been proposed, namely that the subject matter be referred to the committee on industrial relations. I feel sure that the members of that committee will be sympathetic to the subject matter referred to them and as a result of that, whatever else the government may do in this session, I hope that the principle in the bill will be enacted before this session ends.

I am encouraged to believe that this may happen because the last time I had the subject matter of a bill referred to a committee the end result was successful. This is of course going back into ancient history. As the hon. member for Northumberland (Miss Jewett) said, I was moving bills of this kind long ago. For a number of years I had a bill seeking to protect pension rights against loss due to a strike. I have moved it repeatedly in a number of sessions and finally got the subject matter referred to the committee on industrial relations. As a result of its study by that committee we got the matter enacted into law. I hope that will be the case with this piece of legislation, and perchance with other pieces of legislation to come before the house in this session. Therefore I am prepared to support the proposal that the subject matter be referred to the standing committee on industrial relations.

Motion, Mr. MacNaught, agreed to.

BUSINESS OF THE HOUSE

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, for the purpose of clarifying the matter that arose at five o'clock, I would like to raise a point of order. When items nos. 3 and 4 on the order paper in the name of Mr. Ormiston were called the hon. member who was acting as whip said "stand." The Acting Speaker said, "at the request of the government" and the Solicitor General said "No," following which the Acting Speaker said "stand".

I believe it was the understanding of most hon. members on this side of the house that the bills were to stand, but that the government was not initiating the request. However, under the provision of the rules, and particularly standing order 19, this order, if not allowed to stand at the request of the government, would be dropped to the bottom of the list of public bills.

I am raising the point first for clarification because it seems that some hon. members believe that the bills are standing and other hon. members believe they are dropped. I think this should be clarified, and second, I would like to make a plea on behalf of the sponsor of these two bills, who could not be here today, that they be allowed to stand and I would ask the Solicitor General if they could be allowed to stand. One in particular refers to the Western Canada Veterinary College. I understand he was left without sufficient notice, and for that we apologize on behalf of the sponsor of the bills. I would like to see them stand if at all possible, in the absence of the sponsor.

Mr. MacNaught: If it will help to clarify the situation I am prepared, on behalf of the government, to allow the two bills in question to stand.

Mr. Deputy Speaker: It is the understanding of the Chair that these two bills are left to stand at the request of the government? Agreed?

Some hon. Members: Agreed.

Mr. MacNaught: Mr. Speaker, the same rule should apply to Bill No. C-19 in the name of Mr. Thompson.

Mr. Deputy Speaker: The same applies to Bill C-19. Agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business having expired and it being six o'clock I do now leave the chair.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

The house resumed consideration in committee of Bill No. C-74, respecting the department of industry—the Prime Minister—Mr. Lamoureux in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

On clause 6—*Duties, powers and functions of minister.*

(Translation):

Mr. Pigeon: Mr. Chairman, as I was saying at five o'clock, when the house interrupted its current business, it would be most important that the Quebec government be given an opportunity to carry out its project. If the federal government could, through that new department, and while respecting the requirements of provincial autonomy, help in some way the province of Quebec to carry out that project, I feel our country would benefit from it, and that at a time when Canada is experiencing an exceptionally serious unemployment situation, particularly in the province of Quebec.

That is why I do hope the minister will be able to show us what means may be taken to assist the province of Quebec in carrying out its project.

(Text):

Mr. Drury: As a resident of the province of Quebec, I am fully conscious of the desire not only of the people of Quebec but of the government of Quebec that an integrated steel plant should be established within the confines of that province for the purpose of processing part, at least, of the iron ore which is mined within the province itself. To date, the provincial government has conducted a number of studies into this project the results of which are not known, either to me or to the federal government. Without knowing what the problems are, without knowing what are the needs which Quebec has, it is very difficult indeed, much as I would like to do so, to tell the hon. member precisely how a ministry of industry could be of assistance. However, I will again underline that the main function of this department, its *raison d'être,* is to work toward the development of this kind of processing in Canada in co-operation with the provinces and all others concerned.

(Translation):

Mr. Pigeon: Mr. Chairman, may I ask the minister a supplementary question? Could he tell us if, according to the provisions of this bill, he expects to grant large loans for the development of our country's industries?

(Text):

Mr. Drury: When we come to the next clause it will be seen that the first step in the functions of the new department will be to become acquainted with the problems which secondary manufacturing industry in Canada faces. There is a possibility that one of the solutions which will be found necessary will be the provision of financial assistance. In cases where that is so, it will be the task of the minister to recommend to the government the provision of funds in a form considered appropriate.

(Translation):

Mr. Paul: Mr. Chairman, on account of the answer just given by the minister, should we understand that the only objectives of the legislation, at present, are to advise and to give leadership to existing industries?

Could the hon. minister state the exact and definite functions he will have under the powers mentioned in this legislation? In spite of a careful and repeated examination of the legislation and a study that I made of the minister's speech, I could not find any definite information with regard to the exact duties of the minister concerning the implementation of this legislation. Would it be possible to know what will be the powers and duties assigned to him?

(Text):

Mr. Drury: I think these are outlined in clause 7 to which I hope we shall get shortly.

Clause agreed to.

On clause 7—*Further duties.*

(Translation):

Mr. Paul: Mr. Chairman, could the minister answer my question now? He just stated that he would do so when we came to clause 7.

(Text):

Mr. Drury: The best reply I can give is to read out clause 7. In this clause are set out the duties, the functions, of the minister and the department I think the hon. member is asking: what is the department going to do. It is all set out here, and I will read it:

> The Minister shall
> (a) cause the department to acquire a detailed knowledge of manufacturing industries in Canada.

This means we must become acquainted with the subjects with which we are going to deal.

(b) promote the establishment, growth, efficiency and improvement of manufacturing industries in Canada.

That is the object or the purpose of the department.

(c) develop and carry out such programs and projects as may be appropriate.

The department will ascertain which programs are appropriate as a consequence of the knowledge gained under (a). Until one has acquired this knowledge, I defy anyone to say what are the solutions to be propounded under subparagraph (c). Then, the programs and projects will be appropriate—

(i) to assist the adaptation of manufacturing industries to changing conditions in domestic and export markets, and to changes in the techniques of production,

(ii) to identify and assist those manufacturing industries that require special measures to develop an unrealized potential or to cope with exceptional problems of adjustments, and

(iii) to promote the development and use of modern industrial technology in Canada and improve the effectiveness of the participation by the government of Canada in industrial research.

Those are the means by which the government of Canada intends to carry out the particular objects of promoting the establishment, growth, efficiency and improvement of manufacturing industries in Canada.

(Translation):

Mr. Paul: Mr. Chairman, I wonder if the minister would refer to subparagraph (ii) of paragraph (c) in clause 7, and tell us how, under that provision, he will be able to assist industries?

(Text):

Mr. Drury: I repeat that until one knows which industries require assistance, until one knows what are the factors leading to their needing assistance, or what are the problems which require solution, it is impossible to provide the solutions. Some industries suffer from a lack of research. Some industries suffer from a lack of financial resources. Some industries suffer within themselves from a lack of industrial organization; and until such time as one becomes familiar with particular industries and the problems of each, it is difficult to prescribe any sort of solution.

Mr. Martineau: With regard to clause 7, which says that:

The minister shall

(a) cause the department to acquire a detailed knowledge of manufacturing industries in Canada—

—would the minister say whether the Department of Trade and Commerce does not already possess that knowledge? Second, I should like to know whether any of the proposed measures will also comprise compulsive measures. In other words, does the government, the department or the minister intend to apply sanctions or impose controls in order to achieve these objectives?

Mr. Drury: In answer to the first question, the Department of Trade and Commerce in its domestic commerce branch has gone some distance already with great efficiency to acquire a detailed knowledge of certain of the manufacturing industries of Canada. It would be the purpose of the new department to expand not only the depth of that knowledge but also the number of industries encompassed so as to enlarge the work already done. This will require not only the transfer then to the new department of those now engaged in that kind of work in the Department of Trade and Commerce, but it will also call for an expansion of the staff to broaden the area of knowledge and to increase the depth of knowledge.

In relation to the second question, which was whether the minister intended to control industry or apply sanctions, if one reads the bill it will be quite clear that the minister has no power to control industry. He is granted no power to impose sanctions; no sanctions are given. If indeed a circumstance should arise in which the only cure for a particular problem were the imposition of some control or the application of some sanction presumably legislative authority not provided in this bill would be needed. The minister is acquiring by this bill no new powers either to impose sanctions or to impose controls.

Mr. Nowlan: Mr. Chairman, I was wondering whether the minister could deal with one section of the clause, clause 7 (c) (ii), which reads—

—to identify and assist those manufacturing industries that require special measures to develop an unrealized potential or to cope with exceptional problems of adjustments,—

and so on. I was wondering whether this subparagraph would cover the long term problems with which this nation is faced, problems to which the Minister of Trade and Commerce recently referred when he came back from Geneva, and the additional fact that there may be tariff adjustments. We all know what is going on in the country to the south of us. Promises have been made to the legislative branch of the government there that there will be a softening of the impact, and I know that the minister is fully conversant with this matter. Is this what he had in mind in the wording of clause 7 (c) (ii)—

—to cope with exceptional problems of adjustments—

—might I ask? There are always routine problems of adjustment and exceptional problems of adjustment, as I am sure the minister must know, having been in commerce for a long while. I am asking whether

this does not have direct reference to the period of adjustments which we all hope will materialize, which will lead to tariff reductions, and will this give the department the chance to soften, shall we say, the impact of the adjustments which may be made in view of tariff discussions in the immediate future? —if not in the immediate future, certainly in the future.

Mr. Drury: I have no knowledge of what tariff changes might result from the forthcoming Kennedy round of tariff negotiations. However, there may be, as the hon. member for Digby-Annapolis-Kings has suggested, tariff changes in relation to Canadian industry which will bring about on the part of those industries or that particular industry exceptional problems of adjustments. It will be the duty of this department when organized not only to analyse these problems but to make recommendations for their solution. This is quite true.

However, as I am sure the hon. member is well aware, prospective tariff changes in an era of radical economic change are only one item. We had the case recently of a substantial uranium mining industry which today is facing exceptional problems of adjustments. This has nothing to do with tariffs; but still, here is a case where, were nothing done, there would indeed be a very violent dislocation of some substantial communities. It is this type of thing which was had in mind when the words "cope with exceptional problems of adjustments" were put into this clause.

Mr. Nowlan: Reference has been made to the uranium mining industry, which it is true has no relevance whatever to tariff adjustments, or to major tariff adjustments; but I would assume that the Minister of Finance, with his responsibilities for fiscal and financial measures, would have to have the overriding responsibility, in connection with any recommendations which were made, to deal with not one but perhaps, as the minister and all of us realize, many industries which will be confronted with very drastic problems in this period of adjustment. Of course, the Minister of Finance has to deal with the cabinet in any event, but I assume it would ultimately be a problem for him rather than for the minister of industry to make the recommendations which will have to be advanced so as to safeguard and to look after the adjustments which I think lie ahead of us in the near future. After all, those who read can run, and those who run can read.

Mr. Drury: The hon. gentleman having been a member of the previous cabinet for some time needs no instruction as to how it works, but I suggest that it would be the duty of this department to point up the problem. Perhaps we can disregard the question of who will have the most authority in determining the solution, but it is the job of this department to point up the problems and to recommend solutions.

Mr. Winkler: Mr. Chairman, in regard to clause 7 and some of the remarks made by the minister, when he talked about special cases and special circumstances I was wondering whether he felt that there is or will be the possibility of a reduction in the tariff structure. When he referred specifically to the United States I wondered whether he felt that in some instances these special circumstances might involve the activities of lobby groups against Canadian industry, and whether he will have the opportunity to consult the authorities in this regard. I have found in the past that although a tariff in itself has not been the sole inhibiting factor, with certain companies doing business in the United States this other factor was an extremely important one. Does the minister feel that he will have the co-operation of the United States counterpart in taking the necessary action in this regard?

Mr. Drury: Mr. Chairman, I think the hon. member has reference, largely, to a question of tariff administration. This could, and would be, more effectively carried out by the Minister of Trade and Commerce who is concerned with, as he pointed out this afternoon, external trade. The problem, namely the entry of our exports into other countries, to which the hon. member has reference is rather more the province of the Minister of Trade and Commerce than it would be of the minister of industry, though we will work together very closely in this matter.

Mr. Winkler: Mr. Chairman, I have a question with regard to clause 7(b), and I do not wish to be facetious. Clause 7(b) states that the object is to promote the establishment, growth, efficiency and improvement of manufacturing industries in Canada. I am wondering whether, if we can get this bill through fast enough, the minister or the minister elect would use his good offices to this particular end, which I think is extremely laudable and will be effective in the removal of the 11 per cent sales tax.

Mr. Pigeon: Mr. Chairman, I asked a question of the Minister of Justice this morning in this regard. I gave him an example concerning a company which was supposed to invest $40 million and which cancelled the project because this 11 per cent tax would increase their costs by $3 million.

Mr. Drury: Mr. Chairman, I will undertake to convey the representations to the Minister of Finance.

Mr. Winkler: Thank you, sir.

Mr. Nasserden: Mr. Chairman, I wonder whether the minister could tell us whether there is any connection or relationship between clause 7(c) and clause 9 of part II.

Mr. Drury: Mr. Chairman, clause 7 generally relates to Canada as a whole and industry as a whole; it relates as much to healthy, prosperous industry as it does to what one might call ailing industry or ailing areas. Clause 7 encompasses the whole field, whereas part II, dealing with the area development agency, contains special provisions to meet the problems of areas of Canada, where, as a consequence of exceptional or chronic unemployment, special rather than general measures are necessary.

Mr. More: Mr. Chairman, I think the minister understands my position in regard to this whole matter, but since my advice was not accepted, and the government assumes responsibility for the measure, I will have to accept the position. With regard to clause 7, I would like to ask the minister whether he feels there is any conflict between the duties imposed on this department and the duties as outlined for the economic council. I see a great similarity here. I have read the Prime Minister's speech upon introducing the resolution and I will again refer to it. One of the points he makes as being the purpose of the department is to carry out the various ideas transmitted to it by the economic council. The duties of the council are to check into industry, into automation, into greater production, and so on.

I see a great conflict here, and for the life of me I still see added bureaucracy imposed on business. It seems to me we are trying to push a cart one way and we have taken the horse that was pulling it off the other end by some of the other things we are doing. I do not know what progress is going to be made. My information indicates that government has a large enough partnership in business now; and there seems to be a great deal of paperwork involved. I am wondering what is the conflict. Is the minister of industry going to be the minister to whom the economic council reports, for instance? If not, is the council going to report to another department? If so, we will have more running back and forth and more bureaucracy on the neck of business. I am looking for simplified procedures for business, not more complicated ones; and I think business is looking for this also. I do not see that we are achieving this objective with the bill which is before us and with the conflict that I see in the two measures.

Mr. Clancy: Mr. Chairman, I would like to ask the minister a question with regard to clause 7(a), which will cause the department to acquire a detailed knowledge of manufacturing industries in Canada. We have the dominion bureau of statistics, which publishes a great amount of information. Would this provision mean a duplication of that service, and would it ask every manufacturer to fill in a form every month?

Mr. Drury: No, Mr. Chairman.

Mr. More: Just a moment, Mr. Chairman. I did not ask my question facetiously and I did not receive an answer from the minister. I will ask my question again. Does the minister not feel there is some conflict between the duties the act imposes upon the economic council and the duties imposed upon his department in this measure? Is business going to suffer an investigation by both these bodies?

Mr. Drury: If I could oversimplify this question, Mr. Chairman—and this is always a very dangerous thing to do—I would say that the task of the economic council is to examine the whole economic framework of Canada and within that frame to make findings in relation not only to manufacturing industry, with which this bill is concerned, but all other aspects of the economic life of Canada.

In so far as the manufacturing industry sector of our total economy is concerned, this new department will be the executive arm of the economic council. In so far as the fisheries end of our whole economy is concerned, the Department of Fisheries would be the executive arm of the economic council of Canada. I could go with this analogy. One can unquestionably, on a hypothetical basis, arrive at possible conflicts amongst these varying duties, but this is inherent in any organization and one will have to rely on the normal machinery of government to avoid such conflicts. I do not think there will be any.

(Translation):

Mr. Latulippe: Mr. Chairman, I should like to ask a question to the minister with regard to clause 7, subsection (b) of the bill under study. Is not the object of the present legislation to promote the establishment, growth, efficiency and improvement of manufacturing industries in order to increase production? Is not the object of this measure to establish new industries in Canada? And what, then? Is production insufficient in Canada?

(Text):

Mr. Drury: Mr. Chairman, the purpose of the new department is, amongst other things, to enable existing industry to be able to produce more efficiently so that we will be able to be competitive in the markets of the world. If we are more competitive it will provide a new and, I hope, very much enlarged external market or external consumption, which the hon. member is seeking, for the products of our factories.

(Translation):

Mr. Latulippe: I should like to ask a question of the minister.

If he finds means to increase production efficiency, thus making it possible for our country to compete more easily with other countries whereas, at present, storehouses are full of all kinds of commodities that we are unable to sell on foreign markets, what practical suggestion could he make to remedy the situation?

Mr. Drury: If we succeed in reducing our production costs, it goes without saying that the storehouses will no longer be filled to capacity. Our present task is to find means of selling our products at a lower price.

Mr. Latulippe: Will the minister reduce the interest rates paid by industries? Those charges are so high now that production is reduced accordingly with the result that the cost of living is going up all the time. I could add that production costs are rising constantly also. Consequently, those costs will have to be reduced and, to achieve that end, the government will have to intervene in all the sectors of the economy.

Mr. Drury: I have no control over interest rates and, moreover, that does not come under my jurisdiction.

(Text):

Mr. Pigeon: I think this will be the last question from this side on clause 7. In subclause (c) are the words "develop and carry out such programs". By "programs" do you mean joint programs with the provinces under agreements?

Mr. Drury: In so far as a joint program is sought and it appears to be appropriate to the circumstances it would be a joint program.

(Translation):

Mr. Pigeon: I should like to remind the minister that joint programs have been strongly condemned by the premiers of both New Brunswick and Quebec. So I am most surprised to hear the minister's statement. I think the hon. member for Outremont-St. Jean (Mr. Lamontagne) is the one who inspired section 7 and more specifically paragraph (c).

Mr. Drury: Mr. Chairman, if the premier of Quebec does not want any joint program, he will not have any.

Mr. Pigeon: If there is no joint program, the province of Quebec will be automatically deprived of the assistance that it would be entitled to, and that because it does not want to accept the federal requirements, but is determined to stick to its principles and to retain its autonomy.

So, how can you realize national unity?

I know that the minister is a very courteous man; nevertheless, I believe his attitude is somewhat arrogant. I understand that perhaps he is not altogether responsible for the situation, since this bill has been worked over by the hon. member for Outremont-St. Jean. However, I believe the minister should change his attitude because tomorrow he will read in the newspapers the vigorous protests expressed, and rightly so, by Mr. Lesage and Mr. Levesque, and all the ministers.

Mr. Martineau: Mr. Chairman, will the minister decide where the interest of the provinces lies?

(Text):

Mr. Drury: Mr. Chairman, I want to make this quite clear. If the government of Quebec wishes a joint program and a joint program is appropriate there will be one. If the province of Quebec does not wish a joint program we will not have one. I do not call that peu poli.

(Translation):

Mr. Pigeon: But the province of Quebec is going to be deprived of the assistance that it could receive.

(Text):

Mr. Drury: I think that what the hon. member really has in mind by the term "joint program" is a national joint spending program, and this has no relationship to this bill at all, or to my duties.

Mr. Flemming (Victoria-Carleton): In the activities of the department in dealing with specific industries in any province is it the intention of the minister, in order to carry out his laudable objective of making existing industry more competitive, to approach the matter from the point of view of direct cooperation with and assistance to industries located in any province, rather than working through the provincial governments?

Mr. Drury: One should perhaps try to avoid confusion regarding the word "industry". It would be the intention of the new department at least at the outset to concern itself with an industry as a whole. This may be the pulp and paper industry. It would be our intention

in conjunction with the industry as a whole to examine its problems and not to try to get into what may be situations where one company in a given industry is seeking assistance in order to be able to compete with another company elsewhere, but within the same industry. This will not be the role of the department. It will be to look at the manufacturing industries of Canada as a group, not individual companies.

Mr. Kindt: In subclause (b) it is stated that it will be the intention of the government to promote the establishment of industries. To what extent in that promotion work is it the thought of the government to employ social capital? I mean government money, in other words.

Mr. Drury: That is a brand new euphemism for government money, and it is pointed out to me that it is quite inaccurate too. In cases where this would be useful and effective it would be my duty to recommend the expenditure of such money to the government. I ask the hon. member to bear in mind that the government can only spend money which has been appropriated to it by parliament. The passage of this bill is not going to endow the minister of industry with the power to dispense billions and billions of dollars. The only money which will be available to the government to spend for this purpose will be sums sought from and provided by parliament.

Mr. More: Mr. Chairman, I think this is the last time I will rise but I want to ask this question again. Will not the economic council under its legislation have to study and acquire a detailed knowledge of manufacturing industries in Canada to do the job imposed upon it? As I understand the situation it is to make such studies and to make recommendations to the department of industry. The minister says that the new department will look at the pulp and paper industry as a whole. Will the economic council not do that under the duties assigned to it? Are the pulp and paper industry and every other industry going to have two government bodies making detailed studies involving the imposing of the burden of paper work on them? How do we clear up this conflict? The minister's answer did not resolve it at all because I am looking at both bills.

Mr. Drury: Mr. Chairman, I have been in business too and am only too conscious of the disadvantage imposed on business by unnecessary and too voluminous returns called for by government. It would be my hope that this department would not be a burden to industry but an assistance, and one of the ways it can avoid being a burden on industry is by avoiding making calls for more paperwork from industry. This is my view. In so far as conflict and duplication between the department of industry and the economic council of Canada are concerned it will be the task—perhaps I could use a medical analogy—of the economic council of Canada to look at the broad economic aspects of industry and industries without an examination of the details of those particular industries, somewhat similar to the functions of a general practitioner in relation to a patient. It will be the job of this department in relation to manufacturing industry in Canada to acquire the detailed knowledge which a medical specialist would acquire with regard to a patient and which might not be available to the general practitioner.

Mr. More: You are going to be the surgeon; that is what I am afraid of.

(Translation):

Mr. Laprise: Mr. Chairman, clause 7 of the bill states that the minister must develop and carry out such programs and projects as may be appropriate to promote the expansion of manufacturing industries in Canada.

I must say that I am in complete agreement with that, but do you not think that this development would mean increased production with less possible effort? And, under the circumstances, do you not think that this would increase unemployment?

Would there not be some way to adopt measures to improve the situation?

Mr. Drury: Mr. Chairman, as I explained the first day we debated this bill, the purpose of Canadian industries is to become more efficient, in other words to learn how to produce at lower cost. There certainly will be markets for their production where none exist today.

If we find the means to take hold of both domestic and foreign markets, through lower prices, we will have consumers and, in this way, we shall increase the rate of consumption. This is what we are looking forward to. Otherwise, if we do not increase our efficiency, we shall go under.

Mr. Martineau: Mr. Chairman, must not industry itself take the means to improve its own efficiency? It is its responsibility and it knows what it should do to attain this aim. And, would not one of the means at the disposal of industry be largest possible freedom from government control?

In my opinion, what the government proposes is the establishment of a bureaucratic empire, because it seems to me that the objectives mentioned in this clause could not be attained unless we hire a large staff which will control the whole Canadian

industry. That is why I should appreciate it if the minister would give us more information on the point I have just raised.

(Text):

Mr. Drury: If the hon. member will permit a reply in English, I should like to cite a case in point. One Canadian industry, in the past, had not only been able to produce for the entire Canadian market, but also to do an export business. In the past few years this industry discovered that it was losing or had lost, not only its external market but was losing its internal market due to imports from a European country. The hon. member has suggested that in these circumstances an industry will know best what the cure is. The proposed cure advanced by this industry was a trip to Ottawa to secure higher tariffs on their product in order to prevent further foreign imports.

The officials of the Department of Trade and Commerce who, hitherto, had not been familiar with this particular industry or with this particular problem did take the trouble to acquire the detailed knowledge necessary to deal with the problem. They discovered that, the trouble was, perhaps as a consequence of lack of initiative or habit in their production processes, the industry had not engaged in a sufficient amount of research to keep up to date. As a consequence, their product, which was still serviceable, had not changed over the years. The foreign competitor was able to manufacture his product much more cheaply, and consequently this industry was losing markets. When this was made clear, that our Canadian industry had to reduce costs and engage in some research and development or they would not be able to survive, they agreed. They have done this. As a consequence, not only do they not now need tariff protection because they have been able to reduce their costs, but they have been able to recapture the Canadian market and are going back into the export business. This is an example which indicates that the industry itself does not always know what was best for it, and the cure did not necessitate any kind of subsidy from the federal government.

(Translation):

Mr. Belanger: Mr. Chairman, the minister mentioned a while ago that he was seeking to cut down prices through increased productivity. He claims that such action will not add to the number of unemployed. Indeed, he should recognize that to increase productivity means to turn out more products by fewer people. So, that will certainly bring about a drop in prices but will at the same time increase unemployment and, consequently, will reduce the buying power of the people.

Besides, he said later on that such a policy would enable us to find outlets on foreign markets, and to produce more, all this being counterbalanced by the unemployment thus brought about.

But why look so much for outlets on foreign markets when there are right here in Canada quite a number of needs to be met? Does the minister not think it preferable to try and help the consumers to buy the existing production and then resort to foreign markets if we have something left. Of course, we would have surpluses. I think it would be more normal to look for a way to have our products consumed right here knowing that thousands of people need them.

I was reading recent statistics to the effect that the average Canadian family was lacking $4,000 worth of products. Would it not be one of the duties of that department to seek ways to provide for the purchase of greater amounts of products by our Canadian families who need them most at the present time?

(Text):

Mr. Prittie: While we were on clause 6 the minister seemed to be taking notes of the questions that were asked. I asked him a specific question and I have not yet received an answer. Will the small business branch of the Department of Trade and Commerce be transferred to the new department?

Mr. Drury: Yes.

(Translation):

Mr. Latulippe: Mr. Chairman, if the minister focuses all the activities of Canadian industries on exportation, does he not feel that, in return, he will have to import. Therefore, this will certainly not solve the problem in Canada.

Usually, when we sell to a country, we must buy the same amount. What can the minister reply to that?

(Text):

Mr. Ricard: Mr. Chairman, I think the minister in answering a question posed to him by my colleague the hon. member for Pontiac-Temiscamingue gave a clearcut statement that indicated the necessity for establishing the new department has not been proven. He said that industry could not find a solution to a problem, and that the Department of Trade and Commerce found a solution. Why, therefore, do we need to form another department which will be a duplication of what already exists and what is giving satisfaction to industry at large?

Establishment of Industry Department

Mr. Drury: Mr. Chairman, I think I tried to point out that the people, who are now doing this work in the Department of Trade and Commerce highly satisfactorily, will be transferred and be doing substantially the same work but over a wider area and to a greater degree than they now are.

Mr. Flemming (Victoria-Carleton): I was not too happy with the answer the minister gave about getting in touch with small industry. He gave an example of dealing with a large and well organized industry, but in eastern Canada we have thousands—and I think this is right—of small sawmills, and unless there is a medium by which this department may inform them with respect to production and the ways in which production may be increased, then it seems to me there is no organization for conveying the information. I am wondering, will the minister give some consideration to that particular angle, because it is very important in our part of the country.

Clause agreed to.

On clause 8—*Minister to exercise and perform duties, powers and functions of Minister of Defence Production.*

Mr. Knowles: Mr. Chairman, it seems to me there are one or two points raised by clause 8 that it might be desirable for the minister to clarify. This clause indicates that in addition to the duties, powers and functions conferred by this bill, the new minister of industry is to exercise and perform all the duties and so on, vested in the Minister of Defence Production. I would like the hon. and learned minister to square that with section 3(1) of the Defence Production Act, which says:

> There shall be a department of the government of Canada called the Department of Defence Production over which the Minister of Defence Production appointed by commission under the Great Seal of Canada shall preside.

I know there is also a piece of legislation known as the Public Service Rearrangement and Transfer of Duties Act, under which the governor in council can engage in a game of musical chairs to his heart's content; and that being the case, since functions can be transferred from one minister to another, (a) why is it necessary to have this clause 8 in the bill and, (b) is there not a conflict between clause 8 of this bill and section 3(1) of the Defence Production Act?

After the minister has cleared up these technical difficulties, will he then tell us in straightforward practical terms what is planned? Is it the intention to retain the Department of Defence Production, but not to have a minister over it and to have its functions carried on by the minister of industry?

[Mr. Ricard.]

There does not seem to be any suggestion in this clause that one person is to have the two titles. As I read it, the minister of industry, without also having the title of Minister of Defence Production, will carry out the duties of defence production, although on the other hand the Department of Defence Production, which is required by statute to have a minister, will be headless. This raises the question as to whether the new minister of industry will carry two portfolios, or will he be a one-headed person doing two jobs?

Mr. Drury: Mr. Chairman, the purpose of clause 8 is to ensure that there will be only one minister for these two portfolios. This is in recognition of the close relationship which exists between the functions of the Department of Defence Production, as it is now organized, and the new proposed ministry of industry. I have tried to emphasize that there are now a number of functions now carried out by the Department of Defence Production, and there is within that department a body of knowledge in relation to defence industry which we would not wish to duplicate in the department of industry. As a means of providing for a very close working relationship between these two departments, one minister will suffice for both.

I am told that this clause 8 in legal terms, constitutional terms, is adequate to achieve that objective, and that in fact there is no necessity explicitly to amend the Defence Production Act. This clause in itself will satisfy the need to provide only one minister for the two departments. The purpose in putting it in here is to make abundantly clear the intention of the government not to make provision for one more minister of the crown.

Mr. Knowles: I think the minister has made the government's intention quite clear, and I appreciate his having done so. As I understand it, there is to be only one minister and I gather he is to be known as the minister of industry. There will, for the time being at any rate, be two departments but the Department of Defence Production, as the minister said, will be responsible through its deputy minister to the minister of industry.

I confess that, even though I may be seeking a free lesson in law, I am still puzzled as to why it is not necessary in clause 8 to use at least the words, "notwithstanding the provisions of the Defence Production Act," because that act says quite clearly in section 3(1):

> There shall be a department of the government of Canada called the Department of Defence Production over which the Minister of Defence Production . . . shall preside.

I might also draw attention to section 9(1) of the Defence Production Act which reads:

The administration of the department shall be under the management and direction of the minister.

And the minister, in the definitions section, is defined as the Minister of Defence Production.

I think the minister realizes I am not quarrelling with what he has indicated to be the intention of the government. I realize he has lots of good legal advice around him over there, but how does he resolve this apparent conflict which will result in two acts saying two different things?

Mr. Drury: Subject to getting a confirmatory legal opinion that this would be appropriate, I see no objection to including the words suggested by the hon. member, "notwithstanding any provision of the Defence Production Act", or words to that effect.

Mr. Knowles: Does the minister mean I can move an amendment and get it carried?

Mr. Drury: If we could be sure of the proper terms of the amendment.

Mr. Knowles: This is pretty important, Mr. Chairman, and I do not wish just to draft an amendment here and now that might not be legally correct. Perhaps the clause could stand until this point could be looked at by the appropriate legal advisers.

Mr. Weichel: After listening to the question asked by the hon. member for Winnipeg North Centre, Mr. Chairman, I feel my question would be quite in order. A few days ago, when discussing this bill, the minister said he thought he could look after the two positions, that is, the Minister of Defence Production and also the minister of industry. I am concerned about this because, after all, in my riding I have about 350 industries and I know a great many hon. members also have this fear. I believe that in about two years time this department will be one of the busiest in the administration. It is therefore important that we should have not only a minister of industry but also a minister of defence production. In a very short time I believe the government will be receiving representations from the Canadian Manufacturers' Association and other organizations asking for just what I am proposing now. If my suggestion is not feasible, perhaps another way could be found of bringing about a similar result. One such way might be to attach this new ministry to the Department of Trade and Commerce.

Mr. Nowlan: May I say I think the suggestion of the hon. member for Winnipeg North Centre is one which deserves the consideration of the committee? I am not sure what the attitude of the minister would be. There would, of course, be a simpler way of accomplishing this end. The hon. gentleman could make provision here for the repeal of the Defence Production Act. I wonder if the minister would be prepared to allow this clause to stand for a moment until he and his advisers have had an opportunity to consider it further. We could consider, then, what action we could take with respect to the clause. Frankly, I am unhappy about the form in which it is being presented to us at the moment. I hope we can move on and deal with the other clauses of the bill.

Some hon. Members: Agreed.

The Deputy Chairman: Do we have unanimous consent for clause 8 to stand?

Some hon. Members: Agreed.

Clause 8 stands.

On clause 9—*Area development; designated areas.*

Mr. Herridge: I think it is true to say that the members of this group have been trying to co-operate in order to get the work of the house done, and we have given evidence of this desire to assist in getting on with legislation by being restrained in our comments and by dealing only with essential matters.

However, I do wish to say a few words on part II of this bill having to do with area development. I am particularly interested in this aspect of the administration of this measure. Incidentally, this is the first opportunity I have had to congratulate the hon. minister on his appointment. I think it is an appointment which gives him an opportunity to show his own mettle and the true colours of the Liberal party. I am sure that within his limited economic philosophy and the terms of this bill he is one of the best men we could get from the other side of the house. I say this sincerely, because I have a great respect for the minister. I like to see these young men taking an active part in the administration of this country. The hon. gentleman had good legal training and excellent military experience for which we give him full credit. I understand he was a first-class staff officer—one of the youngest brigadiers in the Canadian army. The rank of brigadier is just high enough to create a sense of awe, but not so high as to confer infallibility. I trust the situation will be the same as far as this measure is concerned. Then, again, the hon. gentleman has had administrative experience as deputy minister of national defence, and he has also had business experience, all of which are, in my opinion, excellent qualifications for a minister about to be given charge of this department.

I do wish to say that in my opinion the successful operation of this legislation will depend on co-operation with a large number of people at all levels. I am one who realizes the difficulties faced today by any government in Canada in present circumstances which wants to maintain procedures and practices to which the majority of the people will give their consent. I hope this legislation will be applied within the framework of an over-all plan and that it will be related to other legislation which we have on the order paper at the present time. I should like the minister to explain just how he intends to relate the administration of this act to the over-all plan which is indicated in other legislation before this parliament.

I think it is essential that every effort be made to get co-operation between federal, provincial and other levels of government, because we shall be dealing with natural resources, manufacturing and almost every other aspect of production. To be successful we must develop this co-operation between the federal and provincial governments.

My experience in the past has been that good legislation has often not been appreciated because of the lack of adequate information and publicity. In this respect I mention the ARDA legislation passed by the former government. That had some good things in it, I admit. But those responsible for it failed to get across to the Canadian people the value of this legislation and what could be done with it. They did not get credit for it. I suggest to the minister that he should see that active publicity is given to the purpose of this legislation and that information about it is made available to industry, community organizations and so on at all levels.

Then I think every effort must be made to secure the participation on as wide a basis as possible of as many groups as possible including industry, organized labour and community organizations. I think we have never tapped the reservoir or pool of people who are willing to use their knowledge, experience, and talent, free of payment, because they have an interest in the welfare of our country. I suggest that every effort should be made to mobilize this reserve of experience, good will and intelligence down to local levels. It is at the local level that people have the experience of local conditions. That has sometimes been the cause of great difficulties; administrative officers living in Ottawa have no experience of conditions in some of our smaller towns and communities. I urge that this aspect of the administration of the bill before us should receive particular consideration.

I like to talk to people, to chat with them whether they agree with me or not. I like to get their views, and I know from my own experience that there is a large reservoir of knowledge and ability which just needs to be mobilized behind something worth while, something concrete, for the service of the country. I make these remarks because I am particularly interested in the area development aspect of this bill, and in the development of the smaller communities. My experience of brigadiers is that sometimes they overlook the rear ranks. I hope the minister will not overlook the smaller communities of Canada in the administration of this bill.

Mr. Dinsdale: Before the minister replies to the observations of the hon. member for Kootenay West I should like to deal briefly with part II and particularly with clause 9 on the subject of area development. I believe this is the part in the legislation which comes to grips with one of the major problems, namely, the necessity for dispersing industry across the country and in various regions of Canada, and also the need for establishing industrial development programs. I cannot quite agree with one or two of the remarks of the former member, who suggested that the former administration—

Mr. Nowlan: He suggested the former member of the former administration.

Mr. Dinsdale: I mean the hon. member who spoke briefly before me. He referred to the failure of the former government to publicize the various legislation in this important area of industrial development that it passed. I should like to suggest rather that the upsurge of industrial development which has occurred in recent years is substantially based on the spirit of co-operative federalism that was generated by programs which were sponsored by the former administration.

This brings me to the specific point which I would like to raise at this time. Because of the delay of the federal government in moving into this area, up until the past few years the provinces had moved very rapidly to fill the vacuum. For instance, in Manitoba some two years ago a very ambitious program of industrial development was launched. A committee known as the committee on Manitoba's economic future was established and it has produced a comprehensive report of some 1,000 pages which covers every phase of the problems of industrial development in that province. I am just wondering how closely the federal department of industry is going to co-operate and integrate with the very ambitious programs which are already established in the provinces across the country.

For example, in Manitoba they can even pinpoint the number of jobs which will be required by the year 1975. There will be an

additional 75,000 job opportunities required. The program they have already established, or announced, or have in process of planning is designed to meet the needs of its expanding population and economy. They have also set up such bodies as the economic consultative board, the Manitoba research council, the Manitoba design institute, the Manitoba export corporation. I think the minister will agree that many of the functions which are outlined and enunciated in the legislation actually belong to the provinces who have already seized the initiative. I am afraid, Mr. Chairman, that unless the present government continues this spirit of co-operative federalism which was so successfully established by the former administration we are going to have unnecessary and expensive duplication in this area. I hope he can assure the house and perhaps give us some specific idea how this co-operation and consultation is going to be continued.

Mr. Douglas: I want to add a word to what was said by my colleague regarding the area development aspect of this legislation. I think a large part of the success of this new department and of its minister will be dependant upon the extent to which they can achieve area development, particularly in certain areas which have had less industrial development than others. The hon. member for Kootenay West mentioned the fact that there are pools of manpower and resources available which it would be a great pity to overlook.

One of the points I want to refer to the minister, and of which I am sure he is aware, is that the provinces now have developed fairly effective departments or branches of industrial development. Ten or twelve years ago very few provincial governments had effective departments or branches of industrial development, but they have spread until now I think almost every province in Canada has either a department or a branch of industrial development. For several years I had the privilege of attending the annual meeting of the ministers and heads of the departments and branches of industrial development of the provinces in Canada. They started in a very small way. I think the first interprovincial meeting which was held was attended by about four provinces only. At the last two or three meetings I attended almost every province in Canada was represented, not only by the ministers responsible but by the heads of the departments or branches concerned. They have set up a chairman and a secretary and have kept very close tag of each other, and in this way they have been able to integrate their programs.

For example, if an industry is looking at one particular province but because of certain conditions it is inadvisable to proceed with their inquiries in that province, the industry concerned will be passed on to another province. There is no dog in the manger attitude about it. Of course, every province is out to get all the industry it can, but they do help each other and pass information back and forth. I have known instances where companies have come in from outside looking for a site, and when they could not find what they wanted have been passed on to another province and the information passed on with them. In this way a very excellent working co-operation has been developed at this level between the provinces. Also, in many of the provinces there has been established in connection with the department of industrial development, or trade and industry, or whatever it happens to be called, an industrial development committee or council on which there are business representatives, trade union representatives and people from various segments of the business world. They work closely with the provincial governments, and the boards of trade are tied in, as are also the trade unions. The result is that here, readymade, is some excellent machinery through which those departments work. I am sure the minister is aware of this, but I simply rise to point out that it would be a great mistake to set up a wholly new machine and to establish a bureaucracy which will duplicate what is already being done.

At the various annual conferences of the department of trade and industry to which I have referred there is usually a representative of the Department of Trade and Commerce. I think only on one occasion did we have the minister there, and that was to speak at a dinner or something of that sort. I think the federal government should take a much more active part in this interprovincial—what would really become a federal-provincial—conference on industrial development. I say that because these people have now reached a high degree of efficiency. They have gathered a wealth of information, and if this were put together with the efforts of the new department now being set up I can see a great deal of progress being made. I merely pass that on to the minister for his consideration.

Mr. MacEwan: Mr. Chairman, I have only a few short questions on clause 9 for the minister. I was not present in this chamber at the time, but I read that a question had been asked on Friday last, I believe by the hon. member for Joliette-L'Assomption-Montcalm, regarding the designation of the designated area. The clause reads:

The governor in council may designate as a designated area for the purposes of this act any district or locality in Canada—

and so on. The minister at that time replied, I believe, that it would not be the plan to make this body operate in relation to the economic areas rather than the political boundaries or political areas.

I wonder, in this regard, whether this legislation means—and of course this phrase "designated areas" is used all the way through in the succeeding clauses—a particular town or a city and the surrounding towns, or does it mean a larger area such as, in the Atlantic provinces, the whole Atlantic area, and so on? I would like that matter clarified if at all possible. What is more important, as far as the Atlantic area is concerned, is this. I wonder whether the minister could tell us briefly what the tie-in will be with this area development agency as far as the Atlantic development board is concerned.

Mr. Kindt: Mr. Chairman, as I read clause 9 the establishment of a designated area is to be accomplished by using as the deciding factor the number of unemployed in the area; that is what the reading of the clause tells us. If that is so, then any other area which may have an abundance of resources and very little unemployment is not likely to receive any new industries. In other words, areas are to be designated by the department of industry which have a large number of unemployed. I know that the purpose back of the bill is to correct unemployment. This is one of the noble purposes of the bill and it is one which we all hope it will accomplish. However, when it comes to setting up industries for this purpose it is possible that in the area where there is unemployment and where industry is to be established you may not find the natural resources which will allow for the establishment of low cost industry. In other words, it requires the other elements of production; it may be steel, it may be natural gas, it may be by-products of hydrocarbons which are so abundant in the west, where we are begging for petrochemical industries. However, in those areas where this abundance of raw materials exists there is very little, if any, unemployment.

I would ask the minister this question. What is the touchstone which his department is going to use for the establishment and promotion of new industry? Is it to be 100 per cent those areas where there is tremendous unemployment, or will it cover those areas where there is an abundance of natural resources, where industries can be established, where internal migration of labour can take place, where high wages can be paid and high returns received by management because of the low costs of production? In short is this the procedure to be followed, or are we to establish these industries in the surplus labour areas because of the very fact that they have a surplus of labour?

I come back again to this question, Mr. Chairman, and I should like to ask the minister what criterion he is to follow in the designation of areas toward which his efforts, as head of this new department, are to be directed in the establishment of new industries.

Mr. MacEachen: Mr. Chairman, because of the importance of this particular part of the department of industry bill I would like to make a few remarks in support of part II of the bill. This proposed enactment introduced by the Minister of Defence Production is in fulfilment of a commitment made by the Prime Minister of Canada in a debate in the House of Commons two years ago. At that time the Prime Minister, speaking as leader of the opposition, put forward the necessity of establishing an area development agency the purpose of which would be to provide a special thrust for development in areas of high and chronic unemployment.

This is the first occasion in Canada that legislative effect is given to a policy of dealing specifically with depressed areas. These areas may more beneficially be called designated areas or development areas, as they are in other countries. Canada is certainly not the first country; it is rather far down the list of countries which have taken action in this particular field. In the United Kingdom the most recent reflection of this policy was the enactment of the local employment bill; and there is no doubt about it, under that particular bill and former enactments the relevant department in the United Kingdom was able to attract industries and create jobs in areas which otherwise would have remained moribund. It is a matter of record that President Kennedy during his travels in the United States was appalled by the conditions of poverty and unemployment that prevailed in the coalfields of Pennsylvania, and apparently he vowed during those travels that one of the first things he would do if he became president of the United States would be to establish an area development agency the purpose of which would be to provide new jobs and new industries in these particular areas. I think it is a matter of record, Mr. Chairman, that even in the short time this program has been in effect approximately a billion dollars have been provided by the United States government for the development of new industries and new facilities in these particular areas.

I am sure that hon. members of the house realize we are not coping solely with an economic problem, the wastage of resources in the form of unemployed personnel; we are also dealing with a social problem and with the alleviation of harmful social effects that can arise from chronic unemployment. It is a fact that in certain parts of Canada unemployment has continued over a long period of time; that an abnormal percentage of the work force in these areas has remained unemployed. There is a stagnant pool of permanently unemployed in certain parts of Canada who, because of the lack of opportunity in these areas, ultimately lose their interest and capacity for work. Certainly it is a worthy objective to overcome unemployment for its economic effects, but also for its social benefits. Many of us in this house have been frustrated over the years at our incapacity to deal with certain communities in Canada that have been afflicted with special unemployment problems. Certain of these are well known to hon. members. They include Elliot Lake, Springhill and other communities in Canada. Here is an opportunity, under the area development agency, by which the government, the national authority can provide a special thrust for development.

We realize that coping with the problem of unemployment requires a balanced and many-sided attack. The application of general fiscal and monetary policy, no matter how wisely developed and how skilfully executed may not have any effect in dealing with or curbing unemployment in these special areas. That is why there is a necessity for a special agency to provide special assistance for these areas of exceptional unemployment. If the measures contemplated in this particular enactment were applied generally, they would lose their effect in curbing unemployment in these areas of chronic difficulty. It is the intention to designate these areas through the development of suitable criteria. I understand that at the present time the Minister of Defence Production has set in motion studies by which these criteria will be developed. Surely part of the test of the designated area will be the level of unemployment, its duration over time and the rate of growth in the total employment in that area. After the criteria have been developed and the areas designated special assistance will then be made available to provide the special thrust required.

The proposal in the area development agency is a reflection of the policy of the government to give special support to designated areas or areas of slower growth. There is provision made in clause 10 of the bill by which new programs and new projects can be put into motion by the area development agency, a special agency within the federal government charged exclusively with this problem.

At the same time, in the elaboration of the municipal winter works incentive program the government has proposed that the federal share of payroll costs will be increased from 50 to 60 per cent in designated areas. Similarly, the government has undertaken to bring forward certain construction projects for which funds have not been provided in the current estimates. These are being brought forward to apply in designated areas of slower growth.

Hon. members will recall that in the budget the Minister of Finance provided major incentives for the creation of new industries in these designated areas. It should be pointed out that the tax incentives provided in the budget for new development in designated areas are the most ambitious fiscal attack ever made on this particular problem. These four instances I have mentioned provide very eloquent evidence of the wish of this government to deal with the giant problem of unemployment by tackling it in one of its most acute forms, namely, persistent chronic areas of unemployment. The Minister of Defence Production will provide a real service to Canada in applying his great talents to the prosecution of this new policy.

Mr. Nowlan: Mr. Chairman, I do not want to co-operate with the Minister of Labour, for whom I have the greatest personal respect and liking, in slowing down the passage of this legislation to which he has contributed fairly substantially during the last 15 minutes. All I want to say is that there is no point whatsoever in discussing what may happen in Britain, France or any other place. We have a constitutional problem here. We have property and civil rights. We have dominion-provincial relations, and everything that the minister has said tonight has no more relation to the problem before us than the airy clouds which may be floating over the House of Commons at this moment.

An hon. Member: Where were you?

Mr. Nowlan: Where was I and where was the minister when these things were being discussed? If some of these airy clouds painted before us tonight materialize they will materialize because of the co-operation of the provinces. He and I are both aware that we have an overriding national responsibility here, but I think that he will agree with me that we both have a particular loyalty and interest in our own province, the province of Nova Scotia. Whatever may be done in developing these areas must be done in co-operation with the provincial government. I am sure that what has been done in that

province since January of this year, where 11 or 12 major industries have been established due to the co-operation of the federal government and the provincial agency, Industrial Estates Limited, is the way in which this problem will be solved.

You can rest assured that it will not be solved by any proposal in the budget, if the budget survives, of course. I suggest that in Nova Scotia we do not want any corporation to come there because they hope to escape income tax for a period of three years. If that is their idea in coming there we do not want them there—period. It is not because of the budget that we are going to get them but on the basis of co-operation between the dominion and provincial governments. I am quite sure that when this bill goes through, as I hope it will, the minister of industry in co-operation with the provincial administrations will be able to accomplish a great deal in helping to develop some of these areas.

I am not going to take much time tonight but I should like to know what the yardstick is going to be. I went through some of this myself a year or two ago in connection with certain incentives that we brought forward to deal with what were called surplus labour areas. I am not sure what phrase the minister is going to use, though it may be "designated areas". All I want to say is that this is a very complicated problem. It is not a simple one, and there is no need to refer to what has happened in other countries, as most members of the house know. It is a matter of accommodation and co-operation between the provinces and the federal government and very often the municipal governments as well. It will be on that basis that we will attempt to achieve some of these developments to which the Minister of Labour made reference a few moments ago.

Mr. Valade: I have a question for the Minister of Labour in view of the highly political statement he made a while ago. In those depressed areas where people are relying on the building of houses for their livelihood, I wonder whether the Minister of Labour will recommend that as a special measure the 11 per cent tax on building materials be removed?

Mr. Barnett: Mr. Chairman, I was seeking to catch your eye before the hon. member for Digby-Annapolis entered into the discussion and I have some trepidation in intervening now in a discussion initiated by two Nova Scotians, the hon. member for Digby-Annapolis-Kings and the Minister of Labour. I do not want to become involved in the airy clouds that apparently are floating between them.

[Mr. Nowlan.]

I do wish to say that while I have no quarrel with any of the remarks made by the Minister of Labour, and while I appreciate the interest he has, coming from the part of Canada he does, in the topic he was discussing I should like to raise a point with the Minister of Defence Production similar to that raised earlier by the hon. member for Macleod. I feel that as this clause is now worded it may in effect be self-defeating. I think I can best make my point by reading the clause which is short, and is in these words:

> The governor in council may designate as a designated area for the purposes of this act any district or locality in Canada that is determined to require special measures to permit economic development or industrial adjustment by reason of the exceptional nature or degree of unemployment in that area.

I certainly agree with the Minister of Labour that there are areas in this country where the chronic unemployment situation which he has described has prevailed. I am one of the members of this house who hope that is not going to be a permanent condition in Canada. For that reason I feel that the clause, as it is now worded, will in effect become a self-defeating measure. As I see it, once we have taken up the slack in this chronic unemployment that exists in certain areas, then if there is any real purpose in setting up this department we would hope the department would be free to continue to pursue a course of action which would ensure that, in the future, we would not again have areas of chronic unemployment.

It is for this reason I feel the hon. member for Macleod made his point well in drawing to the attention of the committee and the minister the idea that this clause should be so phrased that it would be possible for it to apply to areas where the exceptional nature or degree of unemployment may not exist. I do not believe anyone in this house would quarrel with the idea that areas in which chronic unemployment does exist should have top priority in respect of any application of this provision. However, if I understood some of the phrases correctly that were used by the Minister of Labour he was, himself, implying that while this measure was primarily directed towards these areas of chronic unemployment, it could embrace a broader sphere.

I feel this clause, as it is worded, very definitely and specifically limits activity to those areas designated. I should like to suggest to the minister that he consider rewording this clause so that while priority would be given to areas of exceptional unemployment, activity would not be limited to those areas. As I believe the hon. member for Macleod correctly pointed out, there may be certain

conditions in areas under which it may be desirable, not only from an economic point of view but also from a social point of view, to have the attention of the area council under this part of the act directed towards their development. There may not be at the moment any great numbers in that area either employed or unemployed, but there may be a natural opportunity to assure that the slack in the economy can be taken up. I would, in all seriousness, suggest that the minister give consideration to a modification of clause 9 so that, while it would make it clear that the immediate intent would be to deal with areas in which there is high unemployment, once that question had been dealt with the functioning of the department and of the area council set up in this area would not end.

Mr. Nasserden: Mr. Chairman, I should like to say a word or two in furtherance of the argument that has been put forward by the hon. member for Macleod and the hon. member who has just taken his seat. We all know that one the great factors entering into the high cost economy that has developed in Canada has been transportation costs. We also know that the recommendations contained in the report of the MacPherson commission are not going to appreciably reduce these transportation costs. It has occurred to me, as it has occurred to other members, that the restriction of area development by reason of the exceptional nature or degree of unemployment in a particular area, is limiting the use that can be made of this particular part of the act. This limitation may work an undue hardship on the people of some other area of Canada. I should like to add my words to those of the other two members and ask the minister if he would consider amending this particular section along the lines indicated by the two preceding speakers.

Mr. Fisher: Mr. Chairman, the province of Ontario, for some time, has been, to use a colloquial phrase, horsing around with area development. It all began with one of the greatest gambits in face-saving by Premier Frost when he decided to set up a number of development associations. These, on the face of it, were regional entities. Unfortunately, perhaps, they were subsidized by the provincial treasury and they were able to offer salaries of from $10,000 to $12,000 a year to men to set up little bureaus that somehow gave local chambers of commerce in various parts of Ontario and certain municipalities the feeling that at last they had an agency that was going to go into area development.

Well, the story of these economic development associations in Ontario has been one of gradual decline in enthusiasm. As a matter of fact, in various parts of Ontario there has been a falling away of the membership since part of the funds to support them come from such bodies as the associated chambers and municipalities. It was quite apparent, about three and a half or four years ago that the economic development association idea in Port Arthur or in Ontario had pretty well gone bust; it was not getting anywhere.

Again, Mr. Frost was the excellent politician. As I understand him he always was able, in the Mackenzie King tradition, to procrastinate slowly and well, and the provincial government of Ontario began to move to something a little bit more definitive. This found its spokesman and its great expression in Robert Macaulay. They call him Bright Bob and a lot of other nicknames. He has been booming around the province now for several years and he has, in a sense, shoved to one side the economic development association concept which was originally within the Ontario framework, and has created what are called economic regional councils. We have had one now for well over a year and it is called the northern Ontario regional council. Ostensibly these councils are designed to plan, to co-ordinate, to integrate, to direct research and generally carry out purposes not unlike those that are set out in this measure, particularly under this area development section.

My impression of these regional councils in Ontario is that they are just a time-saving device and a receptacle for tremendous criticism. The regional units in Ontario, in an economic sense, that are dissatisfied I believe would pile up in areas such as southern Ontario, northeastern Ontario, north central Ontario, northwestern Ontario and eastern Ontario. These economic regions are being palmed off again with what I would call a substitute for real action, in these cases with regional economic councils.

I can make this point best from the northern Ontario council which seems to be headed by a fellow who is an executive with the steel company in Sault Ste Marie. It has a lumberman from Port Arthur on it, a Conservative local politician from Fort William and somebody from the Timmins area, and these people get together on the odd occasion a couple of times a year and talk about the things they would like to have. I nearly fell over when I heard the first study they got under way had to do with ways of developing better air service into northern Ontario. This almost seems fruitless when you consider the number of air licensed

carriers we have. The men who make up that council are decent people and fine citizens, but they are in no position to give very much time or energy to the area development agency. In addition, so far as northern Ontario is concerned this is far too big an area. It is not a natural economic unit.

I can illustrate this in a number of ways. The relationship between an area such as Sudbury and North Bay, or Timmins and Kirkland Lake to Kenora, Fort William and Port Arthur is quite distant, and this is what I am concerned about in this clause it gives us no hint as to what an area is going to be.

We had the ridiculous situation under the previous government, when the hon. member for Ontario was minister of labour and we were fiddling and fooling around to discover when an area would begin to qualify for certain kinds of assistance. As I remember, it was dependant on its unemployment index or the unemployment insurance statistics.

One of the things that is very apparent is that if we get area development councils, or area development boards that try to take in more than one natural economic unit, we will land in difficulty and trouble. Second, we have to work within the provincial boundaries.

I know the premier of Manitoba told me, about two months ago when I was interviewing him regarding the success of the Manitoba inquiry and the recommendations it made, that he was proud of it and he thought it was going to accomplish something; but it was very limited. The first limit on the economic development that could take place with the Manitoba agency was just the mere fact that it did not have the resource, the power or the framework which the premier said he really felt lay with the federal government.

The other point was in so far as the natural economic unit idea was concerned. In many ways Manitoba could be looked at as something distinct, if you looked northward running into its northern hinterland and its water and forest operations; but as a farm area many of its problems, in an economic sense, are co-ordinated and liaisoned, if you can put it that way, with the provinces to the west. Therefore he felt area development was never going to achieve what it could in Canada until we had a strong lead from the federal government. But here again it is hard to know geographically just how this area development thing can be nailed down and dove-tailed.

I know in our particular region we can see it with the operations of ARDA. At long last the provincial government in Ontario has begun to move on ARDA. They have a man, whose name I think is Herbert Crown, and his job is to go around and work in various regions of the province to get ARDA projects under way, in co-operation with the federal authorities and with whatever local agencies can come in. Again it is a very long, slow and difficult process, and no one really seems to be sure where the initiative should come from in so far as a local region is concerned.

However, I could put this to the minister. He comes from a big metropolitan area, and coming from a big metropolitan area, whether you like it or not, this conditions your approach; just as coming from more distant areas such as the maritimes undoubtedly conditions your approach to the kind of organization you want to see. And one of the things I experienced in my own region is that it is almost impossible for an area that is distant from the biggest political centre of power, which in Ontario is Toronto and federally is Ottawa, to conceive and to take the initiative for grand designs for itself without a tremendous amount of leadership from either Toronto or Ottawa.

I feel this point I have is important for any consideration that should take place, not because I have it, but because I think it is an important point that an area development agency should not be a passive kind of agency such as has been created all too often under federal jurisdiction. That is obviously one of the troubles with ARDA. With the initiative being left to the province its success depends very much upon the regional and provincial leadership you get. When this is weak or insecure, and where you are unable to bridge the distance from the provincial capital to the areas where ARDA programs can do the most good, you do not get the creation of the kind of program that is necessary.

I noticed throughout this whole discussion, particularly since the bill was introduced, that our Conservative friends have been worried about its emphasis, as they see it, on planning, bureaucracy and that kind of thing. If anything, I am of the opinion that their fears are a little bit over-exaggerated from their own experience of creating statutes that fall into areas such as that—

Mr. Drury: I wonder if the hon. member would allow me—

Mr. Fisher: —and drive the boards to become the bureaucratic menaces that they seem to suggest.

Mr. Drury: Might I interrupt the hon. member for a moment and ask unanimous consent to sit a little while longer? If this were granted I think my colleague would like to propose two amendments which have been suggested and we might, in the interests of

progress, pass the bill tonight after the hon. member for Port Arthur has finished.

Mr. Fisher: With the prospect of getting through this bill, I am prepared to sit down right now.

Mr. Churchill: The suggestion that we sit a little longer will depend on the nature of the amendments proposed by the minister.

Mr. Nowlan: I also have some amendments that I propose to bring forward.

Mr. Pickersgill: Perhaps we could all agree to have a look at the amendments. I think we are seeking to meet the general wishes of the house, and it would be a great convenience if my hon. friend's suggestion could be tried out for a little while.

Mr. Nowlan: I would like to try it.

The Deputy Chairman: Does the committee give unanimous consent to sit beyond ten o'clock.

Some hon. Members: Agreed.

Mr. Drury: Mr. Chairman, we have stood clause 5 until such time as we could consider clause 15. It was suggested that there was some objection to these two clauses in relation to overlapping but that this objection could be removed if in the first line in clause 15 the words, "appoint advisers and" were removed, and it is moved by my colleague—

The Deputy Chairman: Order. Does the minister intend to move an amendment to clause 15?

Mr. Drury: Not yet, Mr. Chairman. I am just explaining. There would be a second amendment in relation to clause 8, which was also stood over, which would be to add the words, "notwithstanding anything contained in the Defence Production Act," as suggested by the hon. member for Winnipeg North Centre. If these amendments were put forward it would be my hope we might be able to secure agreement on the whole bill.

Mr. Barnett: I have no quarrel with the suggested amendments, though they have no relation to clause 9 which we have under discussion at the present time. A number of points were raised. I do not know what the feeling of other members is, but certainly I would like the minister to reply to some of the points made. I mention one specific point which I consider important. As I understand the clause as it is now drafted, the application of this provision to area development is confined exclusively to areas which the governor in council sees fit to designate as areas of high or chronic unemployment. While I would certainly urge that priority be given to those areas, I feel that the present drafting imposes a serious limitation on what might be done in the future or even at the present time. For example, the best way of dealing with the chronic unemployment situation might be to take special measures to develop an adjacent area where better economic opportunities exist. I should like to hear the minister's reaction to that.

Mr. Drury: In order to qualify, the unemployment in an area must be exceptional in character. This does not necessarily mean there must be high unemployment, though as the Minister of Labour has pointed out it is the intention of the government to give first priority to areas of high unemployment. If and when we are successful in reducing high rates of unemployment in these critical areas, they could still qualify, I would suggest, under the term "exceptional nature". I believe the purpose the hon. member has in mind can be achieved without any change in the wording of the act.

I apologize for not offering specific comment on the other helpful suggestions made, but I am grateful for them and will give them most serious consideration.

Mr. Nasserden: In my opinion the phrase "exceptional degree of unemployment" is too vague and its use would rule out the case put forward by the hon. member for Macleod and the other hon. member who has just spoken. I think it might well be changed.

The Deputy Chairman: Shall clause 9 carry?

Mr. Nasserden: I should like the minister to tell us if he could change the wording to which I have referred.

Mr. Drury: I would be glad to look at it.

Clause 9 agreed to.

Clause 10 agreed to.

On clause 11—*Powers of governor in council.*

Mr. Nowlan: On this clause I should like to draw to the attention of the minister a matter which I think deserves a little consideration. This provision gives the governor in council power to deal with such special measures as may be drafted to facilitate the economic development of any designated area. I certainly do not wish to hold up the committee tonight on any technical amendment, but what I am suggesting is that the hon. gentleman should insert at the beginning of clause 11 the words "subject to any existing law or statute". Then, any power which would be exercised would at least be in accord with any existing legislation. The clause is so widely drawn at present that this might not apply. I therefore suggest this amendment:

That clause 11 of Bill C-74 is hereby amended by inserting at the beginning of the first line thereof, the following:

"Subject to any existing law or statute."

Establishment of Industry Department

Mr. Favreau: I move:

That clause 11 of the bill be amended by inserting at the beginning, before the words "the governor in council" the following words:

"Subject to any existing statutory provision."

Mr. Pickersgill: It is, perhaps, a little better drafted.

The Deputy Chairman: Does the hon. member for Digby-Annapolis-Kings accept this wording?

Mr. Nowlan: I am very conciliatory tonight.

Amendment agreed to.

Clause 11 as amended agreed to.

On clause 12—*Establishment of area development agency.*

Mr. Nowlan: I have just drawn this to the attention of the Secretary of State. I am not moving any amendment but I am looking at the drafting of the clause, which says:

(1) There shall be established an area development agency under the direction of a commissioner for area development and a deputy commissioner—

and so on. In other words you have dual control. I doubt very much if that was the intention of the minister in giving instructions for the drafting of the clause. I think it would be better if you had the area development under the control of the commissioner. I have an amendment before me but I will not move it. Perhaps the seatmate of the Secretary of State would consider this. If the clause read—

—there shall be established an area development agency under the direction of a commissioner who, together with a deputy commissioner, shall be appointed by the governor in council—

—you have the two appointed, but have the area development under the control of a commissioner, rather than have it under the control of both of them. I think there is a dual control there which was not intended, and I suggest that the Solicitor General or someone could give some attention to a redrafting. Otherwise you will have to get both the commissioner and assistant commissioner to agree to everything, and I am sure that is not the intention.

Mr. Drury: Can we stand this clause for a couple of minutes while we try to implement this very useful suggestion?

The Deputy Chairman: Shall the clause stand?

Some hon. Members: Agreed.

Clause 12 stands.

Clause 13 agreed to.

On clause 14—*General authority of minister.*

Mr. Nowlan: Here again we are dealing with a provision which authorizes the minister to enter into an agreement with the provinces.

[Mr. Nowlan.]

I wish to move, seconded by the hon. member for Joliette-L'Assomption-Montcalm, that subsection (b) be amended by inserting after the word "responsible", which is the last word in the subsection, the following:

and any such agreement shall be laid upon the table of the House of Commons within fifteen days after the execution thereof if the House of Commons is in session; and if not, then 15 days after the opening of the next session of parliament.

What the amendment does in short is to provide that any agreement entered into, subject to the approval of the governor in council, shall be laid upon the table of the House of Commons within 15 days after the execution thereof if the House of Commons is in session, and if not then within 15 days thereafter.

Mr. Pickersgill: I would think there could not be the slightest possible objection to this particular provision because I can assure hon. members that there is no thought on the part of the government to entering into any secret agreement with any provincial government.

Mr. Nowlan: I did not think there would be.

Mr. Pickersgill: I would hope that any agreement we make would be of the character that we would want to flaunt before the world and which we would be very glad to bring to the attention of parliament. Subject to my hon. friend from Papineau looking at the wording I think the government would be happy to look at the suggestion.

Mr. Flemming (Victoria-Carleton): I should like to ask the minister whether in subsection (a) the question raised by the hon. member for Pictou as to the function of the Atlantic development board is not met. He asked about the functions performed in the Atlantic provinces and I am wondering whether subsection (a) would answer the question.

Mr. Drury: While I have not entered into the duties and had an opportunity to explore the problem, I would think the Atlantic development board, with the particular responsibilities it has, is, in a sense, the area development agency for the maritimes, and that there would be of necessity a closer co-operation between the area development agency commissioner and his staff and the Atlantic development board. We would expect to exchange letters to that effect.

The Deputy Chairman: Is the committee ready for the question on the amendment?

Mr. Pickersgill: There are just a couple of small verbal changes to be made.

Mr. Knowles: I wonder whether one of the changes should not be to refer to "parliament" being in session.

Mr. Pickersgill: That is precisely what my hon. friend from Papineau is doing.

Mr. Favreau: Mr. Chairman, I move:

That subsection (b) of clause 14 of Bill No. C-74 be amended by inserting after the word "and" the following words:

"—any such agreement shall be laid upon the table of the House of Commons within 15 days after the execution thereof if parliament is in session; and if not, then 15 days after the opening of the next session of parliament, and—"

The Deputy Chairman: Does the hon. member for Digby-Annapolis-Kings intend to withdraw his original amendment?

Mr. Nowlan: Right.

Amendment (Mr. Nowlan) withdrawn.

Amendment (Mr. Favreau) agreed to.

Clause 14 as amended agreed to.

Mr. Drury: Mr. Chairman, could we call clause 5 along with clause 15, because these two were to be considered together.

Mr. Knowles: How can we consider both together? One has been amended.

Mr. Pickersgill: Let us deal with clause 15 first and then go to clause 5.

On clause 15—*Appointment of advisers and advisory committees.*

Mr. Favreau: I move:

That the words "appoint advisers and" in the first and second lines of clause 15 of Bill No. C-74 be deleted.

Amendment agreed to.

Clause 15 as amended agreed to.

Clauses 16 to 19 inclusive agreed to.

On clause 5—*Temporary appointments.*

Mr. Nasserden: Mr. Chairman, I do not want to hold up clause 5, but before it carries I just want to say that I view with some misgivings this particular clause and think it would have been better if it had not been in the bill.

The Deputy Chairman: Shall clause 5 carry?

Clause 5 agreed to.

On clause 8—*Minister to exercise and perform duties, powers and functions of Minister of Defence Production.*

Mr. Favreau: Mr. Chairman, I move that the following words be added at the end of clause 8 of Bill No. C-74:

:notwithstanding anything contained in the Defence Production Act.

Mr. Knowles: I think that meets the point, Mr. Chairman.

The Deputy Chairman: Shall the amendment carry?

Establishment of Industry Department

Amendment agreed to.

The Deputy Chairman: Shall the clause as amended carry?

Clause 8 as amended agreed to.

On clause 12—*Establishment of area development agency.*

Mr. Favreau: Mr. Chairman, I move:

That subclause (1) of clause 12 of Bill No. C-74 be replaced by the following:

"There shall be established an area development agency under the direction of a commissioner for area development who, together with a deputy commissioner for area development, shall be appointed by the governor in council to hold office during pleasure."

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

Clause 12 as amended agreed to.

The Deputy Chairman: Shall the title carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall the bill carry?

Mr. Churchill: On division.

The Deputy Chairman: Shall I report the bill?

Mr. Drury: Mr. Chairman, just before the bill is carried I should like to express my intense appreciation of the extraordinary co-operation of the house in getting this bill through.

Mr. Nowlan: It is not promised for the future, you know.

The Deputy Chairman: Shall I report the bill with amendments?

Bill reported, on division.

The Acting Speaker (Mr. Batten): When shall the bill be read a third time?

Mr. Nowlan: Next sitting of the house.

Mr. Pickersgill: Mr. Speaker, I wonder whether the house would be agreeable to its being read the third time now, by leave?

Mr. Churchill: No, Mr. Speaker. We have been very co-operative tonight and I am very helpful, but a bill that has been amended has to be reprinted anyway and has to be again submitted to the house at the next sitting.

Mr. Pickersgill: That is a perfectly reasonable position to take, Mr. Speaker, and I thank hon. gentlemen for the co-operation they have already given us.

The Acting Speaker (Mr. Batten): When shall the bill be read a third time? Next sitting of the house; agreed?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, has the house leader any information for us as to what may happen tomorrow?

Mr. Pickersgill: Mr. Speaker, it will come as a great shock and surprise to the hon. member for Winnipeg South Centre when I say that he has been so successful in suggesting business for the house that I intend to propose to the house another suggestion that he made to me, namely that instead of taking tomorrow the business which I suggested a week ago and again last night, we should take the estimates of the Department of Trade and Commerce.

I have consulted hon. gentlemen in the other parties in the house and I have also, I need hardly add, consulted my colleague the hon. member for Eglinton, and I find there seems to be a general disposition to accept the suggestion of the hon. member for Winnipeg South Centre. I trust that the progress which he forecast in making that suggestion to me, will actually be made by the committee tomorrow.

Mr. Churchill: Mr. Speaker, the progress that I forecast is dependant upon two things; one is the attitude of the minister who will be taking his estimates through the house, and our hope that his colleagues will remain silent, particularly the Secretary of State.

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

HOUSE OF COMMONS

Friday, July 5, 1963

The house met at 11 a.m.

(Translation):

BANKING AND COMMERCE

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Edmund T. Asselin (Notre Dame de Grace) presented the first report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

(Text):

HOUSE OF COMMONS

MOTION FOR FRIDAY NIGHT AND SATURDAY SITTINGS

On the order:

Motions—The Prime Minister:

That commencing on Friday, July 5th, and thereafter during the month of July, in addition to the hours of sitting now provided for in standing orders 2 and 6, the house shall also sit from 8 p.m. to 10 p.m. on Fridays; and from 11 a.m. to 1 p.m., and 2.30 p.m. to 6 p.m. on Saturdays; and

That on Saturdays, after the reading of prayers, the order "house again in committee of supply" shall be forthwith read and thereupon, the procedure now provided for in standing order 56(1) shall apply.

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I would ask permission of the house to withdraw this motion in view of the date. My understanding is that it will be put on the order paper again.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

DEFENCE PRODUCTION

REPORTED INTENTION TO CANCEL FRIGATE PROGRAM

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the fact that his announcement of the probable elimination of the frigate program will deal a disastrous blow to employment in Canadian shipyards, can he assure the house that before buying any submarines outside the country he will meet the representatives of the shipyards and their labour unions to investigate the possibility and the advantages for Canada of having these submarines built in Canada by Canadians with Canadian taxpayers' money?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I did not say that the program would be cancelled. I said it was under review before proceeding, and that is the case. I can assure the hon. member and other members of the house that my concern is primarily that the armed forces of Canada will have the very best equipment and the highest operational capacity to carry out those tasks that are assigned to them. In addition, along with other members of the government I am very mindful of the needs with regard to employment and industry in this country, and all these factors are taken into consideration in the course of the review.

Mr. Balcer: Mr. Speaker, I can assure the minister that all members of the house are very conscious of the same thing. However, the minister has been faced with these two problems now for over two months and I am quite sure that the employees are awaiting a decision. Can he tell us when a decision is going to be made?

Mr. Hellyer: I cannot say specifically, Mr. Speaker, but the decision will be made just as soon as it can be done without, at the same time, prejudging or not allowing sufficient time to receive all the evidence on both sides of the argument.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question of the Acting Prime Minister. Has he received a telegram dated July 3 from Mr. Rene Barras, secretary of the Lauzon shipyard workers union, protesting against the statement of the Minister of National Defence to the defence committee on June 27 that the general purpose frigate program would be carefully reviewed before being proceeded with? I should like to ask the Acting Prime Minister if he would give some assurance to the house that if any cutback in defence shipbuilding is made it will be compensated for by the building of ships for the transportation of Canadian goods overseas.

Hon. Lionel Chevrier (Acting Prime Minister): This is in effect the same question which was asked of the Minister of National Defence, but I am grateful none the less to

the hon. member for giving me notice of the question. I think I should advise the hon. member that I believe the hon. member for Levis has made representations along these lines to the Minister of National Defence.

I am not aware of the telegram, but I cannot add anything to what has been said by the minister, who has stated that the program is under review. In so far as the last part of the question is concerned, it is hypothetical and until a determination of the question has been made I do not believe it is proper to answer the last part of the question.

Hon. Marcel Lambert (Edmonton West): May I ask a supplementary question of either the Acting Prime Minister or the Minister of National Defence. Will the decision of the government await also the recommendation of the defence committee?

Mr. Hellyer: Mr. Speaker, I have no control over the defence committee. I have no idea how long their deliberations will take, nor when they will be in a position to advise the government. I do have, under our constitution, the responsibility for making a recommendation to the government, and I will do that at the proper time.

Hon. Gordon Churchill (Winnipeg South Centre): Will the Minister of National Defence refer this problem to the special committee on defence for their recommendation?

Mr. Hellyer: No, Mr. Speaker, I think the committee will discuss the problem at considerable length, and their views will be taken into consideration along with other representations that have been received.

Mr. Churchill: Will that be before or after the decision?

(Translation):

WORLD FAIR

INQUIRY AS TO FINAL CHOICE OF SITE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I want to ask the Minister of Public Works who is responsible for the world fair a question. Can the minister assure the house that the 1967 world fair will take place in Montreal, and not elsewhere—in Ottawa, for instance—following a certain pressure which is now being applied?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, I don't know exactly what pressure the hon. member is alluding to, but I want to tell him this. We have now to determine the security work to be carried out in respect of the construction of the St. Helen island and Notre Dame island project.

There are some differences of opinion with regard to this security work between engineers of the city of Montreal and those of the various federal departments. This is a problem which remains to be settled and which will form the basis of the discussion we will have this afternoon with Mayor Drapeau in Ottawa.

Mr. Pigeon: I have a supplementary question to ask the minister, Mr. Speaker. I did ask the minister whether it was certain that the world fair will take place in Montreal, or not. That is what we want to know.

(Text):

Mr. Speaker: Order. The hon. member knows that supplementary question is out of order.

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I would like to ask a question on the same subject.

(Translation):

I should like to direct a question to the Minister of Public Works. Will the official who said that Mr. Saulnier's statements were untrue and that he was only resorting to blackmail be present this afternoon at the meeting held at the minister's request?

Mr. Deschatelets: Mr. Speaker, I have no idea what the hon. member is talking about. The only thing that I can say is that I did not make any comment on Mr. Saulnier's statements, but I am one of those who have left the door open to negotiation, in order to arrive at a satisfactory solution.

Mr. Balcer: Has the minister read Mr. Lazarus' article in the Montreal *Star* reporting word for word a talk he had with one of those officials? If so, could he not silence that official?

Mr. Deschatelets: Mr. Speaker, I read the article referred to by the hon. member. I think it is valueless, because no name is mentioned.

Mr. Georges Valade (St. Mary): A supplementary question, Mr. Speaker. Does the Minister of Public Works—

(Text):

Mr. Speaker: Order, please. I think this is taking on the nature of a debate, and there is no useful purpose in continuing this line of questioning.

Mr. Valade: On a question of privilege, Mr. Speaker, I suggest that my question is not related in the way which Your Honour has just suggested. My question is by way of clarification of the first answer given by the

Minister of Public Works. I believe I have the right to ask the question, and I do not believe the Chair can rule me out before hearing the sense and knowing the direction of my question. My question is this. Is the Minister of Public Works aware that the city of Montreal will refuse to accept any other site than the island of Montreal for the world fair?

Mr. Pickersgill: That is giving information.

Mr. Speaker: I regret there is no point of privilege.

[*Later:*]

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I have a question for the Minister of Transport which I hope will be within the ambit of the ruling you made a few minutes ago. Can the minister say if the provisions laid down in the Navigable Waters Protection Act or other statutes coming within his department have been met so that ratification of the choice of St. Helen island as the site of the world fair can be made forthwith.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, the provisions of the act are being respected. It is a public act, and I presume that its provisions are being followed by the government.

(Translation):

[*Later:*]

Mr. Georges Valade (St. Mary): Mr. Speaker, I should like to put a question to the Minister of Public Works. My question is short but urgent, and you will no doubt allow it, because I believe it is in order.

Could the Minister of Public Works tell the house whether he will inform us of the decision to be taken this afternoon concerning the Canadian world exhibition before making a statement to the press?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, the Minister of Public Works, as well as all other ministers of the government, make it a practice to advise the house before informing the press.

(Text):

FISHERIES

RESIGNATION OF CHAIRMAN OF RESEARCH BOARD

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Minister of Fisheries. It is based on an article in the June edition of *Western Fisheries* to the effect that Dr. Kask, chairman of the fisheries research board of Canada, is now director of investigations for the inter-American tropical tuna commission. Has Dr. Kask resigned his position as chairman of the fisheries research board of Canada?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, an official announcement to that effect was made yesterday.

NORTH PACIFIC TREATY—INCLUSION OF SOVIET UNION IN NEGOTIATIONS

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Before the orders of the day are called I should like to direct a question to the Secretary of State for External Affairs and ask him whether, in view of reports that Russian fishing trawlers have been sighted within the 12 mile limit off the Pacific islands, it is the intention of the government to invite the Soviet union to be a party to the negotiations concerning the north Pacific fishing treaty?

Hon. Paul Martin (Secretary of State for External Affairs): I do not see any connection between the hon. gentleman's original statement and his conclusion. However, this matter is being reviewed.

POWER

COLUMBIA RIVER—POSSIBILITY OF SLIDES CAUSED BY HIGH ARROW DAM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Northern Affairs and National Resources. I ask this question on behalf of the anti paddy Sherman trust on the Columbia river. In view of the interest and concern of a number of B.C. engineers in the possible disastrous effects of slides which the high Arrow dam might cause when the water level submerges layers of clay beneath various communities, and the study being given to this question by the same engineers, have the wizards of the water resources branch directed the minister's attention to this possibility?

Some hon. Members: Order paper.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. member for having given me prior notice of his question. I think I have already stated to the house that those engineers who are presently working on this job are agencies of the province of British Columbia, and naturally the reports they might make are the property of that province. I think at this time particularly it would be highly improper for me to make any comment upon the validity or otherwise of those reports, or indeed to commend their

validity to the house. I am quite certain, in reference to our own officers, that at the proper time and in the proper circumstances they will be quite competent to bring advice to a committee of the House of Commons, and indeed to the government, respecting the safety and feasibility of this project and others in the general scheme.

Mr. Herridge: A supplemental question, Mr. Speaker. Will these engineers have an opportunity to present their evidence before the external affairs committee, if such an event should occur?

Mr. Laing: I would think in that circumstance, Mr. Speaker, my reply would be that this would naturally be a matter for decision by the committee. I would rather expect that the committee would be calling some engineers, but I should think that when the treaty provisions go before the committee, the committee is master of its own house.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—STEPS TO ASSIST UNEMPLOYED MINERS

On the orders of the day:

Mr. Joseph P. O'Keefe (St. John's East): Mr. Speaker, I would like to direct a question to the Minister of Labour. In view of the desperate situation existing at Bell island, Conception bay, Newfoundland, due to the curtailment of mine operations there, will the minister say what plans he has in mind to deal with this situation?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I thank the hon. member for giving me notice of his question.

Some hon. Members: Oh, oh.

Mr. MacEachen: In reply I wish to say—

Mr. Lambert: A staged question.

Mr. MacEachen: I would like to say, in reply to the question bearing on a very serious matter affecting many hundreds of unemployed on Bell island, that following an earlier exchange of correspondence with the premier of Newfoundland proposals for developing suitable training and work programs to assist the provincial authorities in meeting the existing situation are being sent to Premier Smallwood. These proposals include training classes at the new trade school in Bell island and training on the job projects where a combination of work experience and training is more suitable.

The proposals being made incorporate the increased levels of federal contribution which would result from the proposed amendments to the Technical and Vocational Training Assistance Act and the other programs which I outlined to the house on June 10 and which are now before the house.

Mr. H. Russell MacEwan (Pictou): I have a supplementary question, Mr. Speaker. I would ask the Minister of Labour whether this is also the answer to the question I asked him on this matter on May 20.

Mr. MacEachen: Mr. Speaker, the hon. gentleman may take it as an answer to his question, which his own alertness could have made available to him some time earlier.

(Translation):

TRANSPORT

ST. LAWRENCE RIVER—USE OF FRENCH IN PILOTAGE MANOEUVRES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Acting Prime Minister.

Since Mr. Robert Burnside, director of the seaway authority, has stated before the royal commission on pilotage that the seaway authorities had asked the authorities in Ottawa that the French language be banned in pilotage manoeuvring, could the Acting Prime Minister assure the house that the government will refuse to comply with such a request?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I am not aware of the statement referred to by the hon. member. Nevertheless, I must say that the pilotage commission comes under the jurisdiction of my colleague, the Minister of Transport (Mr. McIlraith). I will however make inquiries as to that statement.

Mr. Pigeon: Will you give me an answer later?

(Text):

SOULANGES CANAL—INQUIRY AS TO SALE TO QUEBEC

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): I should like to ask, in French, a very important question of the Minister of Transport.

(Translation):

Is it true that the Quebec government has definitely given up the idea of buying the Soulanges canal and, if so, for what reason, since an agreement had been entered into under the previous government?

(Text):

Mr. Speaker: Order. It seems to me that the hon. member should recognize that though

the question is very important and very interesting, there is no desperate urgency about it. The matter has been under consideration for many months.

Mr. Pigeon: I respect your ruling, Mr. Speaker, but I think this is a very important matter and that—

Mr. Speaker: There is no question about the propriety of asking a question of this nature, but it should be placed on the order paper.

(Translation):

CANADIAN FLAG

INQUIRY AS TO NATIONAL FLAG

On the orders of the day:

Mr. Gerard Girouard (Labelle): Mr. Speaker, I should like to direct a question to the Secretary of State.

On June 24 last, I said in this house that Canada did not have a national flag. Since that date, I received many letters suggesting that I was mistaken. Now, here is my question. Could the Secretary of State inform me whether in fact Canada actually has or has not a national flag?

(Text):

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I think the hon. gentleman should look at an order in council passed on September 5, 1945, which he could get from the privy council office. I have no more recent information to give him.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I have a supplementary question. I think that order in council provides that the red ensign is Canada's national flag. Is the Secretary of State suggesting that this order in council provides for a national flag and that it is the red ensign?

(Text):

Mr. Pickersgill: The Secretary of State of Canada, no more than any other citizen, has the right to decide what the national flag of Canada is. This is a matter, I would judge, for the parliament of Canada and I would not presume to express any opinion at all on that question. I believe the most recent official document is the one I mentioned a few moments ago, an order in council passed on September 5, 1945, which can be procured from the privy council office at no cost to any citizen.

(Translation):

Mr. Gregoire: Mr. Speaker, I should like to ask a supplementary question because I think the hon. Secretary of State did not answer my question. My question was as follows. Does that order in council prescribe that the red ensign is our national flag and is that the opinion of the Secretary of State?

(Text):

Mr. Pickersgill: I should like to point out to the hon. gentleman that the order in council is available in both official languages, and I am sure the hon. gentleman can read both of them just as well as I can.

(Translation):

Mr. Gregoire: Mr. Speaker, I think there is there—

(Text):

Mr. Speaker: Order, please. I must point out, first of all, that there is no immediate urgency to this question. Second, the discussion is taking on the form of a debate. May I remind hon. members once more that according to our standing orders the general principles to be applied when asking questions of this kind on orders of the day are very simple. No argument should be advanced, no opinion given. The facts should be concisely stated and the matter should be one of urgent public importance requiring immediate attention. By virtue of those general principles I am sure we can make very fast progress if all hon. members abide by the regulations of the house.

(Translation):

Mr. Gregoire: On a point of order, Mr. Speaker.

(Text):

Mr. Speaker: If it is on the same matter I must declare the debate closed on that particular point.

(Translation):

[Later:]

Mr. Gregoire: Mr. Speaker, I should like to direct a question to the Secretary of State.

As the hon. gentleman has just informed us that we already have a national flag, is the national flag that has been promised during the last election campaign going to be a second one?

(Text):

Mr. Speaker: Order, please. There is no urgency in this question.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO STEPS TO PREVENT POSSIBLE STRIKE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Labour. Has his attention been drawn to the dispute between the Canadian National Railways and the brotherhood of railway trainmen regarding the question of

the run-through on two subdivisions in western Canada? Canadian National Railways has in this case altered the conditions of employment unilaterally during the lifetime of an existing agreement which has not yet expired. What steps does the minister propose to take to settle this dispute?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I wish to tell the hon. member with regard to this dispute that this particular phase of the problem has not been brought to my attention. I will be glad to look into it and advise him later as to what is the situation, and whether any action can be taken by the Department of Labour.

FINANCE

TIME OF PRESENTATION OF BUDGETARY STATEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Acting Prime Minister. Has he yet been able to ascertain at what time on Monday and under what order the Minister of Finance will give his budgetary statement?

Hon. Lionel Chevrier (Acting Prime Minister): I think perhaps the Secretary of State, who is the house leader, might give the house some information on that matter.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, at six o'clock today I had intended asking the house whether an order could be made to permit the house to revert to motions at 8 p.m. on Monday precisely for the purpose that the hon. gentleman has questioned me about. If it would be agreeable to the house to have that order made right now it would perhaps save a little time and be of convenience to the house generally. At 8 p.m. on Monday we would revert to motions in order that a statement might be made from the treasury benches, and it would be clearly understood, of course, that the usual comments by spokesmen from each of the parties represented in the house could be made at the same time.

Mr. Churchill: This is a baby budget, is it?

Mr. Speaker: Does this meet with the approval of the house?

Some hon. Members: Agreed.

INQUIRIES RESPECTING TAXATION PROPOSALS IN BUDGET

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I have a question for the Minister of Forestry. While answering a question of mine on June 24 the minister indicated to me that he intended to go west later for the purpose of discussing with the forestry industry matters referred to in certain telegrams concerning the harmful effect of the 11 per cent sales tax on the lumbering industry. Would the minister care to make a statement as to his findings concerning the effect of the 11 per cent tax on lumber production and sales?

Hon. J. R. Nicholson (Minister of Forestry): Mr. Speaker, I do not say that I would care to make a statement. I have had meetings with the representatives of the industry, and I thought they were very constructive and helpful.

[*Later:*]

Mr. Pugh: I have a further question to ask the Minister of Forestry. The hon. gentleman stated in reply to the original question that he had received telegrams. Will the minister be making a statement to the house with regard to the telegrams he received and the discussions he has had with the industry in British Columbia?

Mr. Nicholson: No.

(Translation):

EXTERNAL AFFAIRS

PAKISTAN—REPORTED ATTACKS ON CANADIAN STUDENTS

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul) asked me a question concerning Canadian students who are now in Pakistan. Those students, 37 in number, are attending the fourteenth annual conference of the world university service association, which is being held in that country this year. That is the fourteenth conference of its kind organized by that association which has secured the support and close co-operation of every government and student organization in countries where it has been in operation, and it has received the same support again this year.

The Canadian delegation has been the target of criticisms expressed in rather violent terms in a pamphlet published by a group of Pakistani students. We have received no indication that our students have been subjected to any other form of attack or are in any kind of danger. Nevertheless, I have asked our high commissioner's office in Karachi, Pakistan, to send us a report and I shall make it a point to keep the house informed of any development which might cause some concern.

DOMINION-PROVINCIAL RELATIONS

REPORTED STATEMENT BY QUEBEC PROVINCIAL MINISTER

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct a question to the President of the Privy Council.

In view of the statement made by Mr. Rene Levesque, which appears today in *Le Devoir*, to the effect that if the government in Ottawa does not change its present attitude it will become the real grave-digger of confederation, can the minister tell us if Ottawa intends to reverse its position in order to dispel Hon. Rene Levesque's fears?

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, all I can say to my hon. friend is that the present government certainly does not intend to bury confederation; it will rather work towards improving it, in order to give it at last a new lease on life.

[*Later:*]

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, could I ask a supplementary question? Could the minister tell the house whether he feels that Mr. Rene Levesque is a crypto-separatist, considering the statement he has made?

Mr. Lamontagne: I think the hon. member can judge for himself.

Mr. Gilles Gregoire (Lapointe): I have a supplementary question, Mr. Speaker. In view of the fact that the President of the Privy Council has just stated that he does not want the government to become the executioner of confederation, could he say what precise steps he will take to avoid that?

(Text):

NATIONAL MUSEUM

REQUEST FOR ENGLISH TRANSLATION OF SCIENTIFIC ARTICLES IN FRENCH

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Northern Affairs and National Resources, based to a certain extent upon the controversy developing around biculturalism and bilingualism. My question relates to a national museum of Canada publication, bulletin 190, headed "Contributions to Anthropology, 1960". I wonder if the minister could undertake to have the various articles in this publication, which are now exclusively in French, translated into English for the benefit of the rest of us in this country.

Inquiries of the Ministry

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I should be glad to take this question as notice, and see what can be done at once.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO POSSIBLE STRIKE OF ARTISTS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I should like to direct a question to the Secretary of State. On June 27 the hon. gentlemen was asked a question concerning a dispute between the Canadian Broadcasting Corporation and some of its employees. I wonder if the minister can tell us whether negotiations are going on at the present time, and whether they seem likely to be successful.

Hon. J. W. Pickersgill (Secretary of State): I do not think it is ever wise to anticipate in connection with these matters, but negotiations are proceeding and the latest information I have is that they seem to be proceeding very satisfactorily.

TRADE

INQUIRY AS TO GRAIN SALES TO EAST GERMANY AND RED CHINA

On the orders of the day:

Hon. Mitchell Sharp (Minister of Trade and Commerce): The day before yesterday the hon. member for Swift Current-Maple Creek asked me a question about negotiations for the sale of grain to East Germany. During the past six years members of the Canadian wheat board or its officials have made many visits to East Germany to attempt to develop sales for Canadian wheat. The latest board visit to this market was made on May 9-10, 1963. In addition, agents of the board have kept in constant contact with officials responsible for grain purchases by East Germany.

While none of this market development activity has yet resulted in actual sales, the board with the full support of this government is continuing in its attempt to develop sales in this potential market. As soon as positive results are obtained, hon. members will be so informed.

Mr. H. A. Olson (Medicine Hat): The Minister of Trade and Commerce has given us a report about negotiations in connection with wheat sales to East Germany. I wonder if he could inform the house when he expects to make a statement on the negotiations which have been going on with red China.

Mr. Sharp: As soon as those negotiations are completed.

Supply—Trade and Commerce

THE BUDGET

LEGALITY OF APPOINTMENT OF OUTSIDE CONSULTANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Acting Prime Minister. Has the hon. gentleman yet been able to obtain, as promised, a legal opinion on the validity or otherwise of the appointment of certain persons to carry out special services in the Department of Finance?

Hon. Lionel Chevrier (Acting Prime Minister): I am sorry, the answer is no.

Mr. Knowles: Can the minister say whether Mr. Stanley, Mr. O'Connell, and Mr. Conway are still connected with the Department of Finance?

Mr. Chevrier: I cannot answer that. That question should be directed to the Minister of Finance. I do not know what their present position is.

Mr. Knowles: He has not been here for two days.

Some hon. Members: Oh, oh.

Mr. Chevrier: I did not hear that.

Mr. Knowles: For two days, on the orders of the day, the Minister of Finance has not been here to answer questions.

Mr. Chevrier: The Minister of Finance has other duties to perform. He was in the house the whole of the week before that and available to answer questions notwithstanding the fact that there had been several discussions on budgetary matters. I do not think there can be any complaint as far as his conduct is concerned.

INDUSTRY

PROVISION FOR ESTABLISHMENT OF DEPARTMENT

Hon. Lionel Chevrier (Acting Prime Minister) moved the third reading of Bill C-74, respecting the department of industry.

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

SUPPLY

The house in committee of supply, Mr. Lamoureux in the chair.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

1. Departmental administration including fees for membership in the international organizations listed in the details of the estimates and $25,000 for grants to promote industrial design, $5,288,800.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Chairman, I consider it a definite privilege to be the first minister presenting his estimates for the approval of this committee. I feel, too, that a considerable responsibility rests upon me, a responsibility which I shall endeavour to discharge. I should also like to say a few words about certain aspects of the activities of the department, and about one such aspect in particular which I think is of considerable interest, namely Canada's policy with respect to the forthcoming round of trade negotiations.

For a number of years we have witnessed in Canada the paradoxical situation of high unemployment together with a large adverse balance of trade on current account. In other words we have been relying upon external resources even though productive capacities have remained unused here in Canada.

While economic activity in Canada has risen considerably in the past two years, the extent of this advance has not been sufficient to bring about a sustained betterment in the unemployment situation. Apart from the usual seasonal variations, the level of unemployment in Canada has changed little during the past 18 months despite an abnormally slow growth in the labour force. On the other hand, Canada's external balance is showing evidence of underlying improvement, and much of the expansion now under way in the economy is attributable to the strengthening trade situation.

A quite substantial improvement in the trade balance is now in sight for the current year. In 1963 to date merchandise exports are up by 8½ per cent compared with the same period last year, whereas imports are down slightly. In the latest month for which figures are available there was actually a 5 per cent drop in imports notwithstanding the removal of the import surcharges. Tourist trade is also moving strongly in Canada's favour. As I recall the figures, two years ago we had an adverse balance on tourist account of something of the order of $160 million. In 1962 it was of the order of $50 million, and this year we are looking forward to an improvement such as will wipe out the adverse balance and I hope result in a positive balance on tourist account.

This strengthening in merchandise and tourist trade is, nevertheless, offset in part by adverse movements in certain invisible items including higher interest and dividend payments and rising outlays for various forms of business services. Thus in the last 12 months for which figures are available, namely the 12 month period ending March, 1963, Canada's deficit on all current transactions was still in the neighbourhood of $750 million.

A further substantial improvement in this position, which I hope and believe will come

about, will be necessary for Canada to achieve the external financial strength so basic to a sound and viable economy. A strong current balance position is essential not only to pay our way in the world and to head off the current rise in foreign indebtedness but also for the stimulus it gives to domestic activity. This means that we must strengthen our position in both home and foreign markets. Real and lasting progress in this direction will entail new initiatives on the part of Canadian producers, and it will also—this, I think, is of major importance to the members of the house—require careful attention to every facet of activity having a bearing upon the nation's economic performance.

The Department of Trade and Commerce is keenly aware of its responsibilities in this broad national endeavour. The department's role, as hon. members know, is essentially twofold in character. In the period of intensive international negotiations which lies ahead every effort will be made to improve the access to foreign markets for Canadian goods while retaining fair treatment for producers selling domestically. On the other hand, the promotional arm of the department will be striving in every practical way to help the Canadian businessman to take advantage of opportunities available in international markets.

When we consider trade relations in the rapidly changing world of today we are at once struck, it seems to me, by the need for Canada to respond appropriately to the basic shifts that are taking place in the world around us. Canada is, as hon. members know, a great trading nation. To maintain and improve our prosperity, our standard of living, we must maintain and improve our position as an international trader.

The development of the European economic community and of the European free trade area implies far reaching changes in trade relationships. The movement by the big three world traders, the United States, Britain and the European economic community, toward an extensive tariff negotiation next year has major implications for a country as dependent upon trade as Canada. We can expect keener competition at home and abroad in our efforts to maintain and expand markets for primary products and for secondary manufactures. We should set our sights on meeting this keener competition and on taking advantage of new opportunities and broader markets. I am confident that Canadian industry can respond to new opportunities to secure lower production costs by expanding export sales.

About one fifth of our gross national product is accounted for by exports of goods and services. We rank fourth as a world trader, but what we have to bear in mind is that even though we rank just behind the big three we have a relatively small population and our share of world trade is only a small part of the total. What is big and vital for us may not seem of critical importance for our trading partners. It is the responsibility of Canada and particularly of the Canadian government in its external trade relations to ensure that our interests are not overlooked and that maximum opportunities are opened for the expansion of our trade. We must always strive to place our weight and influence on the side of the orderly growth of trade on the widest possible basis. We must move forward and help to shape the new conditions for world trade in order to improve our prospects and to avoid the dangers of the re-emergence of restrictionism and the stagnation which is involved in a circumscribed domestic market.

Because of the direction and character of our trade, the position and policies of the United States, Britain and the European community are of particular importance for us. But the world, of course, includes many other countries which are significant markets for our products. We have a large and growing trade with Japan, with other commonwealth countries, and in increasing interest in the market provided by many of what we call today the less developed countries which are spread throughout the world, many within the commonwealth and many outside. We must always be conscious of the need to raise the standard of living in these less developed countries and of the contribution these countries can make to the growth of world trade. I believe that one of the great opportunities which is presented to countries like Canada, rich countries, countries with the highest standard of living in the world, is to assist the less developed countries to achieve higher standards of living. This is not only a responsibility but also a great opportunity.

Our detailed work on ways and means of freeing and expanding world trade is being carried forward under the auspices of the general agreement on tariffs and trade in line with the conclusions of the meeting of ministers of trade of the GATT countries in May, on which I reported to the house on May 24 last. At that time I indicated that the purpose of the ministerial meeting was to come to grips with three major trade problems, the expansion of trade of the less developed countries, world trade in agricultural commodities, and another round of negotiations to reduce tariffs and other barriers to world trade. I reported that the countries concerned agreed to come to the negotiating table and that a start had been made toward resolving many of the current,

complex and difficult problems that emerge in a series of negotiations of this magnitude.

Let me refer briefly to those preparations that more directly affect Canadian trade. Hon. members will recall the nature of Canada's export trade in relation to the nature of our import trade. Although our trade in manufactures is growing and must greatly expand, and I hope will greatly expand, in the main we are still an exporter of primary materials and foodstuffs. These are products for which Canada has already in large part negotiated duty free, low duty or other appropriate access to markets abroad. Terms of access for these products to foreign markets could still be notably improved, of course, and trade expanded, particularly where quotas or other restrictive devices have been applied, but here it is rather a question of maintaining the access we have already obtained and that we have bargained for and paid for.

On the other hand, we are one of the world's largest importers of manufactured goods. It was for this reason that I made it clear that the negotiation plan which had been submitted by the United States, based upon their trade expansion act, and which is applicable to the large industrial exporters, would not yield for Canada the necessary mutuality of trade and economic benefit. I made it clear that Canada would play its part and make concessions commensurate with the benefits we receive. This we intend to do, and our role will not be a limited one.

As I intimated earlier, it is precisely because our range of exports is now relatively narrow, and precisely because we must move forward to expand the range as well as the value of our exports, that we must take full advantage of the opportunity presented by the GATT trade negotiations to improve Canadian access to all important foreign markets and, if I may add, particularly in manufactured goods. I trust that the price we shall have to pay in terms of adjustment of the Canadian tariff can also be negotiated in a way which will make a contribution to the competitiveness and efficiency of Canadian production both here and abroad.

An official committee of the GATT countries which was established by the meeting I attended in Geneva, known as the trade negotiating committee, has been hard at work to elaborate the broad negotiating principles set forth in May by the trade ministers. Another body, the GATT cereals group, has already held meetings to exchange views about arrangements for world trade in wheat and other grains in present international circumstances. This work will be continued and intensified in the months to come, leading to the major negotiating conference scheduled for May of next year.

We are, of course, also active in other bodies whose work relates to trade and associated matters. We consult regularly and frequently with the organization for economic co-operation and development, with our trading partners of the Atlantic community, and we look forward to welcoming Japan to this important grouping. The OECD is, as the house is aware, a body where many of the industrially advanced countries consult and discuss questions of mutual interest in such fields as broad economic policy, development assistance generally, and international trade problems of various kinds.

We have also recently participated in preparatory meetings in Geneva for the United Nations conference on trade and development scheduled for next year. Further preparatory meetings for the United Nations conference will be held in January, 1964. Canada, of course, has long participated in the work of the United Nations and its specialized agencies which have implications for trade. We have played and are playing a role in commodity agreements concluded at various times under United Nations auspices, particularly the international wheat agreement, and in commodity study groups operating under the aegis of the United Nations such as that for lead and zinc. I had the great privilege last summer of presiding at the United Nations conference on coffee. In the important series of discussions leading up to the United Nations conference on trade, particular emphasis is being placed on ways and means of meeting the pressing trade and economic problems of less developed countries.

As I said when I returned from London and Geneva at the opening of this session, this is to me one of the most significant developments that have been taking place recently in world trade. The less developed countries are eager for developments. They are eager for assistance and they are eager to trade.

May I also comment upon the close contacts we maintain through the usual bilateral channels of trade discussions. We are virtually in day to day contact with our important traditional trade partners such as the United States, Britain and other commonwealth countries, the European economic community, and Japan on matters of mutual interest. I expect that the Canada-United States committee of ministers on trade and economic affairs will be meeting later this year, and at that time we shall be reviewing a range of important trade and related subjects with the United States members, including the participation of each country in

the GATT negotiations and questions of particular concern in the trade between the two countries.

Hon. members may recall that when I was in Washington some weeks ago I proposed that our two countries should do some general studies in the field of energy. I hope that at the meeting of Canadian ministers and United States secretaries we shall move this proposal another step forward. It was well received on an informal basis by the United States secretaries I had the privilege of meeting, and I fully expect we can have a most useful exercise which will have far reaching implications on the development of our energy resources in oil, gas, electrical power, nuclear energy and coal in the years to come. In the meantime, of course, there is a continual interchange between the two countries on trade matters of mutual concern as the need arises or as opportunity for fruitful consultation appears.

In May of this year, at the meeting in London of the commonwealth economic consultative council, I had the welcome opportunity of discussing with British and other commonwealth trade ministers a range of commercial problems of common and particular concern. This meeting was most timely, coming as it did just before the meeting of GATT trade ministers. As the house knows, I was able at that time to have useful discussions with the British minister of agriculture about the important changes pending in their policies affecting imports of farm products. As I said at that time in answer to a question by the Leader of the Opposition, I think the changes that are taking place in British agriculture policy could be very constructive and, from our point of view, they are important and I believe perhaps indicate a way in which relations between importing countries with protective policies and exporting countries like Canada could be put on a more secure basis.

Such bilateral consultations complement the work we are doing in multilateral organizations, in concert with other important importers such as the European community and in concert with other exporters, to establish a satisfactory framework for expanding trade in farm products, which is one of the main problems facing the world in the months ahead. Agricultural trade continues to face greater barriers and obstacles to expansion than is the case for industrial products generally. It is our aim to achieve a framework for trade that will permit of a greater exchange of agricultural goods under conditions which recognize more than at present the desirability of drawing supplies from efficient producers. A parallel aim is to limit the adverse effects on trade of excessive agricultural protectionism throughout the world in both exporting and importing countries. We are also giving careful consideration to our exchanges with state trading countries. I am hopeful that progressively we shall be able to find a stable market in at least a number of other countries, not only for wheat but for other Canadian products. In return, as with other countries, we must expect to see their goods find a place in the Canadian market under conditions which will not pose the threat of disruption to efficient Canadian production.

Many problems are involved in moving in this direction. I know that some hon. members on the other side have had some direct experience in these matters and fully understand that I am not exaggerating the difficulties. However, I am confident that, given the desire on both sides to do so, appropriate solutions can be found and, if I may say so, have from time to time been found.

In my report to the house on May 24 I indicated that reaching international agreement on the broad lines for future negotiations was by no means easy. I said that much remained to be done before there could be confidence that the various negotiations would yield a substantial and positive result. This is still the case. Under the tariff negotiations committee established by GATT ministers in May, machinery has now been set up to deal as a matter of urgency with such key problems as the depth of tariff cuts and the question of exceptions as between the large highly industrialized countries which are expecting to participate in the tariff negotiations on a linear basis, and countries like Canada which will be participating on the basis of an exchange of concessions of mutual value. By the end of the summer we should have a clearer idea than is possible at present of the scope and character of the tariff reductions that may be negotiated by the United States, the European economic community, the United Kingdom and other European countries, both within and without the free trade area.

It is the intention of the Canadian government to establish appropriate procedures and facilities to enable the government to secure the benefit of the views of all Canadian interests concerned both with respect to concessions that may be offered by other countries and with respect to the Canadian tariff. This will be done as soon as enough information about the scope of the negotiations is available to permit meaningful consultations.

I have had a number of inquiries, and perhaps other hon. members have had these inquiries, about when consultations are to

begin. For that reason I emphasize again that I do not think these consultations should begin until we know enough about the scope of the negotiations to make these consultations meaningful, and to avoid having to undertake them twice. The government attaches particular importance to such consultations as we move into the phase of detailed preparations for Canadian participation in negotiations that may well be of very great importance for Canada's trading position and for world trade.

I am convinced, and I am sure the house will agree, that our posture toward these negotiations should be active and positive and that we should use our influence to shape them in a way consistent with our national interests. In this regard we must obviously be prepared to make a contribution commensurate with the benefits to be received and appropriate to the objective of the further expansion and liberalization of world trade.

Mr. Lambert: Mr. Chairman, I am sure all hon. members wish to thank the Minister of Trade and Commerce for his first statement in opening discussion on the estimates of his department. I am sure he must derive a certain amount of satisfaction in being one who has gone up the ladder all the way in his department. I am also sure he must now view the whole problem of trade and commerce somewhat differently, now that he has certain political responsibility in regard to the policies and administrative practices of that department.

The minister spoke about the objectives of the trade policies of his government, and I hope we will hear something more about them in detail. Doubtless we will later on, particularly with regard to the nature of the development here in Canada and the degree of co-operation between the government and industry as such. I should like to refer to this in greater detail later on.

I was keenly interested in the remarks of the minister when he was speaking about the deficit Canada faces on its current international account. He must of course realize there has been a changing pattern in this regard since the time he was deputy minister; because at that time, going back to 1952 in any event, one of the significant features of Canada's deficit on the international account was the extraordinarily high and unfortunate deficit on merchandise or commodity account, a situation which has been gradually improved to the point where for the last two years we have had a surplus on that account.

There were various factors which led to this result, and I think the minister would agree that the deficit on international account must be tackled in various sectors over some of which he has relatively little control. He has inherited a cumulative situation going back for scores of years when Canada always had a deficit on international account. This has accumulated primarily through the investment of foreign capital in Canada, particularly since 1945 when there were extraordinary amounts of foreign capital invested here. We now see that we must pay for that capital by way of dividends or periodic repayments.

I think the minister would also agree with me that before this situation gets better it will get worse, in that as economic activity develops in Canada, naturally foreign owned industry will benefit from this healthy climate, and greater dividends will have to be paid abroad unless there are compensatory fiscal or budgetary policies which would encourage the reinvestment of those dividends in Canada to the point where we might look to a Canadianization of this foreign capital. In this regard I feel some sympathy for the minister in that I am sure he is holding his head visualizing the potential effects of certain recent budgetary moves on the level of Canadian trade.

In indicating the bases on which we must be able to sell our goods, first of all they must be of good quality, improved and improving Canadian technology will guarantee that. Second there is the question of active selling; and our businessmen, as a result of the encouragement they have received in the past and I hope will continue to receive, can become much more active sellers. There is nothing so disastrous for our trade policies as having people who expect they can stay at home and that buyers will beat a path to their door. Those days are gone. They have to go out and sell and sell and sell. If they miss out the first time they must go back a second time and even a third time.

Finally there is the question of price. We know that a manufacturer has only certain controls over price. He may be a shrewd bargainer with respect to his raw materials. He may be a very competent administrator and have a very efficient plant, but there is one thing about which he can do nothing and that is the level of taxation he faces, and within the price he sells abroad he must include taxation at the domestic level.

I must say that the recent proposal of the government with regard to the extension of the sales tax fly completely in the face of the objectives of the Minister of Trade and Commerce. This was the hidden dynamite in the budgetary proposals. I am not talking about building materials but primarily the tax on production machinery and on materials entering into industrial processes. We have seen the immediate effects of this.

When I asked a question of the Minister of Trade and Commerce shortly after the budget, he could not give me an estimate of these effects. Two of the main items which enter into international trade are pulp and paper, and we have seen an advance of $7 a ton on pulp as a result of the tax increase on materials going into industrial processes. All the bleaches and industrial chemicals which go into the preparation of pulp and paper have become subject to this tax, and it is bound to follow that everywhere along the line we are going to get a much greater increase than 11 per cent.

If building materials are taxed at 11 per cent, or at least a portion of those that go into industrial plants, and if production machinery and raw materials, which are not identifiable in the end product, are also taxed we are going to get an accumulation of this tax and it will more than exceed 11 per cent. For instance I have been told that in another sector which is very important, our soft woods from B.C. and Alberta, the price will rise by 16 per cent and perhaps more.

I am sure the minister must realize that while the previous administration was faced with some problems with regard to action by the lumber producers of the northwestern United States to get quotas imposed upon Canadian lumber exports, yet as a result of negotiations and representations by the government and other interested Canadian parties such a quota was not established. But with the greatest respect, Mr. Chairman, I think the Minister of Finance has just as effectively established a quota now, and our lumber exporters are going to be faced with precisely the same problem that they would have faced had the United States administration imposed quotas on exports of Canadian lumber. This in effect is going to be the result of the budgetary proposals if they are carried through. However, I am not taking part in a budget debate so I will pass from that point.

The minister indicated, I think quite clearly, that Canada is not a state trader. There is really only one state organization which really participates in our external trade to any extent; that is the Canadian wheat board. We have been very successful with wheat and I trust the minister will see that this success continues, though I have some very grave reservations as to whether the wheat board should be under the aegis of his department rather than where it was, under the Department of Agriculture.

We are faced, and are going to face, greater competition in the international market as a result of our budgetary policies, we are also going to face keener competition in our domestic market. We know some of our problems in the last 15 years were caused by losing the position Canada held in the immediate post-war years. At that time we were competing with countries whose industrial capacity had been either diminished or completely exhausted by the war. We stepped into a strictly sellers' market for a number of years, and unfortunately I think Canadian business and Canadian government thinking at that time was conditioned by this sort of mentality; "You have a free ticket in a sellers' market". Only in recent years have we run into a completely different form of competition, which has not only cleaned us out of many foreign markets with respect to manufactured goods but which came and took those markets away right in our own house, right within our own domestic boundaries.

I realize that trade is a two way commodity, but we have seen time and time again that Canadian industry operating with obsolescent plants could not compete either in quality or price with foreign commodities. Canadian buyers, who are interested like anyone else in obtaining the best goods at the cheapest price, have simply been turning to foreign products. Again, Mr. Chairman, I am rather fearful of the budgetary policies and the effect they will have on the prices of Canadian commodities which are sold within the domestic market.

In so far as Canada is not a state trader, I believe that the best effort which could be made by government would be toward the creation of the appropriate climate for the expansion of our trade. If we have a healthy economic climate we will have industry that is competitive. Undoubtedly the minister will refer to this matter—I hope he will—and will give the house and the country some indication of the government's policy with reference to the continuation of trade conferences at the domestic level or even, shall I say, on a bilateral level, rather than these grandiose, ministerial trade conferences which are all very well but which do not sell goods.

I am concerned here with the direct liaison that was established in the past three years between Canada's trade commissioners and Canadian industry. We saw what happened in 1959, I believe it was, and again this spring. These things take some time; we are not going to get miracles overnight, and Canadian industrialists and businessmen are not necessarily going to sell the first time around. But I know from direct reports of businessmen from western Canada—and this is the attitude that seems to be adopted by businessmen in eastern and central Canada—that somehow or other they are not being consulted with regard to the export market because there is

thought to be no great level of secondary industry in that part of Canada. I think this is a snare and delusion, because we have a very healthy and growing level of industry in that part of the country and I am sure it would be in the interest of the government to try and stimulate this industry.

These contacts are, frankly, the most valuable that we can establish. We should also have more trade fairs of the type we had in March and April of this year, where the government of Canada goes out and gets people to come here. We should not adopt a passive attitude in this regard; we have to go out and attract business in this way. We may have to introduce certain gimmicks but the net result, if our businessmen are able to sell their goods, is that the policies of the government are successful. I do not think there is any partisan approach in this regard, but this is what businessmen are looking for; and as far as I am concerned they have been enthusiastic about the relationships with and assistance they have received from the officials of the Department of Trade and Commerce.

In another debate the other day I referred to this matter. I think this is an area in which there is a great deal of scope. A fine start has been made, and it would be a shame to let it either stagnate or diminish. In this area, if businessmen from all parts of the country can come and say "All right, now can you help us with information in this regard?" and if departmental officials and the minister go to different parts of the country and hold regional conferences, as has been done, this would greatly assist our industry. I am sure the minister is fully aware of the value of our trade policies in the last two or three years.

I do not wish to speak about our currency position vis-à-vis other nations or to discuss in a dollar sense the position of this country. It is a fact that the government is not a state trader. There is one aspect of this problem that is often missed by certain commentators on the national scene and people who professedly have free trade interests, who berated the previous administration with regard to the question of quotas. I know it is a knotty problem, but we have to look at the position at home as well as to our economic climate. Are we going to see certain industries completely wiped out by countries which have rather selective policies with regard to exports to this country? I think when we receive complaints from various countries which say they now have a great trade imbalance with Canada on dollar volume, and that they import twice or three times as much from us as we import from them, we must look at the difference in the population of our country and the country concerned. Having done this, I find it a little difficult to freely accept their observations.

I do not like to single out any particular country, but since certain newspapers have adopted the arguments put forward by certain business interests, let us take Japan. The proposition is put forward that Japan buys from us almost twice as much as we do from them, and that this trade pattern cannot continue. On the other hand Japan's population is some 80 million to 90 million people compared with our 18 million. Since most of the goods entering into trade are consumer goods, I find it difficult to understand how it can be expected that Canada should more or less arrive at a bilateral balance of trade with such countries.

The same applies to our trade with Great Britain. We are engaging in multilateral trade. We are going to have excesses in some regions and deficits in others in arriving at the over-all picture. So far as commodities coming from Japan and other countries with a lower labour cost element are concerned, we see the effects when the exports of those countries are selective. I think we can certainly work for much more extensive trade with such countries if the trade is on a general pattern covering goods generally, and I say more power to each country if its volume of mutual trade can increase. But we cannot say "All right, our doors are open to you and we will take all you wish to export to us in particular commodities, and we will willingly see our plants close". We have seen textile plants from one end of the country to the other close, as well as plywood factories. These are the facts that are hard to accept so far as the Canadian economy is concerned when we see whole towns made destitute as a result of the closing of principal industries. I think the parliamentary secretary to the minister knows whereof I speak, in particular as to the small textile towns in the provinces of Quebec and Ontario.

There is one further point I should mention in this opening statement, Mr. Chairman, and it concerns the international negotiations now taking place. We saw last year the negotiations which took place with regard to Britain's proposed entry into the European common market. I wonder what the members of the present administration feel at this time compared with their attitude 18 months ago in light of the events which have transpired. I was clearly of the opinion after a trip to France last summer that what turned out to be the ultimate result was bound to come. I think we must fully realize that one of the keystones of the common market is the protection of French agriculture, and unless that

is taken care of to the satisfaction of France there will be difficulties about further participation in the European common market so far as Great Britain is concerned.

There are also many potential difficulties with regard to Canada and its agricultural exports. We have only to see what was the result on American poultry entering into the European common market and is now barred. In any event these are the ebb and flow of trade patterns. The world is not going to come to an end because there is a temporary check due to a certain move having been taken. After all, no one will beggar himself just for the sake of enriching his neighbour so far as trade is concerned. I think we in Canada must do everything to put our house in order so as to be an active competitor, and I do not think we have gone as far as we could there.

So far as entering into the detail of the various trade patterns being developed at the present time is concerned, I think this must be very carefully watched. Canada must at all times indicate clearly and early what it feels will be the effects upon Canada of the trade proposals of other countries. Sometimes the larger trading nations of the world make certain proposals which are all very well for them, but they are not overly concerned about the splash which hits their neighbours. We must clearly indicate that if certain steps are taken it should be realized that this is bound to be the result as the problem affects us, and we must show that there are two sides to every coin.

Leaving that point aside I should like to come back to the last item of which I have made a note, and that concerns tourism. I have always felt pretty strongly about this. It has always been ludicrous to me that over the past few years 18 million people should have spent far more on tourist travel abroad, which is a straight consumption expense with no return to Canada, than the rest of the world has spent in this country. We must be a nation of people who do not like our own homes and have a psychosis which makes us feel that for a month in the year we must get out of here.

Mr. Matheson: They try to get warm.

Mr. Lambert: The hon. member for Leeds says that we try to get warm. I do not know that that is necessarily so. Last week people were looking for a place where it was cool. I think the Canadian government must develop on a national basis and in participation with the provinces a pattern or program of tourist attraction for Canadians within Canada. Let us have Canadians travelling across Canada for once. True enough, I think a significant step was achieved last year with the completion through the Rogers Pass link of the trans-Canada highway. But it goes beyond that. I think the government must give encouragement to the development of proper hotel facilities and the development of motel and service facilities in our national parks, or at least close to national parks, particularly the western parks. They are so vast that you just cannot expect people to visit them at express speed, providing no place for them to stay. It is ludicrous to expect people to go to Banff national park, for instance, if they are not to be received properly. The same applies to some of our other national parks, and I suggest to the minister that he might twist the arm of his colleague, the minister of northern affairs, and have this policy apply to some of our other national parks across the country. People must be encouraged to come to the parks and stay there for some time, not just to pass rapidly through them. They might as well take T.C.A. and fly overhead if arrangements are not made to receive them properly.

Today people expect the best of facilities. Canadians are not going to accept second rate or third rate accommodation, even though we are prepared to offer the best to those who come from outside this country. We must encourage our restaurants to cater properly to tourists, to Canadians as well as visitors from outside. The successful handling of this situation would make an enormous difference to our trade balance. I recall that only three years ago our tourist deficit had reached a point where it was only $200 million or $250 million short—this out of a total deficit of over a billion dollars. That to me is incomprehensible when we have such natural advantages which we could turn to good account. I read suggestions in some papers that Canada was wrong to approach the United States with a request that the limit on permitted expenditure on a customs free basis for Americans visiting this country should not be lowered. The suggestion was that we might expect fewer tourists as a result.

The Chairman: Order. I am sorry to interrupt the hon. gentleman, but his time has expired.

Mr. Lambert: May I take 30 seconds longer?

Mr. Pickersgill: I am sure everyone would wish the hon. gentleman, as the main spokesman for his party, to have all the time he needs.

Mr. Lambert: I am honoured that the Secretary of State should have designated me in that way. I was not expecting it. I believe I have made my main point with respect to the tourist business and expressed my belief that we should do everything possible in this regard.

The minister has referred to assistance to the less developed countries in order to raise their standards of living. I think we would all agree as to the desirability of doing this. No one wants charity, least of all the recipients, but I think everyone believes we should give these countries technical assistance and go out of our way to develop trade channels between them and ourselves, even not necessarily on a paying basis in the first year. It should be remembered that though these countries may enter into competition with us in certain fields at a future date, as a result of their rising standards of living they may also become good customers of ours on a reciprocal basis.

In this regard I should like to hear the minister tell us when he replies, either today or on some other occasion, to what extent we in Canada are intensifying our trade pattern with the Caribbean islands. I believe this is an area which has been neglected for scores of years. I speak of not only indirect forms of economic assistance but also of help through the economic aid office of the Department of External Affairs. It seems to me we could have done a great deal more in this particularly sensitive area where we can see the hands of these people tendered toward us. I think there is a natural link between this country and the Caribbean islands but we have been very remiss, content to take a passive attitude. I am not suggesting we should extend at this time as far as South America and Central America; let us recognize the limits of our capacities. But I should like to see us doing much more in this field. I am not blaming any particular administration. I think Canadians as a whole have been neglectful of this area, not only with respect to trade but in the field of education.

I suggest there might also be some relaxation in the restrictions placed on immigration. It seems to me we should be able to establish a much closer contact with the Caribbean islands. More and more Canadians who have visited these islands tell us that for certain reasons Canadians are becoming increasingly favoured in the eyes of the inhabitants. Once there is a feeling of this kind among the general population, it will be found that the response to trading efforts is far better than it may have been in the past. It will take some work, but the results in the end will surely justify it. I think both the Department of Trade and Commerce and the Department of External Affairs could do more in this direction.

There may be some other points on which I should like to have spoken, but we can always come back to them. I wish to thank the committee for having given me these few extra minutes.

(Translation):

Mr. Côté (Chicoutimi): Mr. Chairman, I would like to make a few remarks on the matter now before us.

First of all, I would like to point out that sometime ago I proposed in this house that everything that concerns distribution of our production should come under the Department of Trade and Commerce; in other words, in my opinion, all products offered for consumption should come under the Department of Trade and Commerce. This is an extremely practical suggestion because, to date, it seems to me that we have not always realized that the Department of Trade and Commerce has a responsibility for distribution and that it must see to it that our national products or production reach the consumer.

We have also noticed that up to now, the activity of the Department of Trade and Commerce has been rather restricted to foreign trade. As a matter of fact, considerable effort was made to open up external markets at a very high cost, because we keep trade representatives in a large number of countries of the world, but I think we can venture to say that we have one at least in every important country, who is trying to find new markets for our Canadian products.

Mr. Chairman, I agree that foreign trade is important, that we must try to increase it, but why not also be concerned with the market here at home.

In fact, those who are not floating above the clouds can see that millions of Canadians live in a destitute condition because of a lack of means and purchasing power which prevents them from buying all they need.

As a matter of fact, if we examine statistics respecting families who live on social welfare or depend on unemployment insurance, we reach a figure of close to 3 million Canadians who do not have adequate incomes to purchase the food, clothing, in a word the articles of vital necessity or who cannot even afford to live in decent accommodation. This is a market which represents billions of dollars and we are not at all concerned about it.

I know that our present financial system production cannot fill all the needs of Canadian consumers. This is the reason why we, Social Crediters, advocate a reform of the present system. We know that we are on the right track. In fact, if someone among us offered a solution that would enable Cana-

dians to take full advantage of production, we would be the first to support him. Unfortunately, the old line political parties have never submitted any serious solution that would enable the financial system to work efficiently.

We are continuously witnessing thousands of bankruptcies which seem to be essential to the proper working of our economic system. Without those bankruptcies, our trade and our financial system would have been paralysed a long time ago.

Mr. Chairman, a little while ago, the Minister of Trade and Commerce (Mr. Sharp), stated that Canada is bent progressively towards a freer international trade and that a conference will take place in Geneva in 1964 with a view to concluding new agreements on tariffs and trade.

Our party fully agrees with the minister, because we feel that we should have freer trade.

It so happens at the present time that our international trade is impeded because we only accept currencies which can be converted into gold and we refuse those of other foreign countries. Trade should almost always be conducted in American dollars, because the American dollar is at a premium over practically all other world currencies. That is why, most of the time, we are in a painful situation, in view of the constant imbalance of our international payments. We are unable to correct this imbalance and we shall not be able to do so, unless essential reforms are instituted to promote our international trade with many friendly countries just waiting for us to open our doors to them.

I remember, for instance, that when the international monetary fund was established in 1944, the well-known British economist, Lord Keynes, advocated the creation of an international currency which would be called the "bancor". It would have facilitated international trade without requiring the abolition of national currencies. An interesting aspect of that suggestion was that the currency would not have been based on the gold standard but would have been put on the market in accordance with the actual needs of international trade.

I truly regret that preference was given at the time to the American theories and that Lord Keynes' proposal was turned down. In my opinion, the latter was a lot better and it would have facilitated international trade a great deal more.

Before too long, and at the proper time, I shall have the opportunity of introducing a bill to further facilitate international trade. At that time, I shall go into the matter more thoroughly and prove that it is possible to amend the Bank of Canada Act in such a way that we could expand our international markets in order to increase our international trade even more.

And now, before I resume my seat, I should like to say, Mr. Chairman, that it should be remembered that Canadians, first of all, want to consume Canada's production. This is a most important point and we shall keep on repeating it in the house. Unless that essential point is understood, our country will remain in economic stagnation, precisely because we do not give any thought to directing our trade in such a way that Canadians can consume our whole production.

Of course, I realize very well that we cannot consume all the products we make. We can, however, exchange them with other countries, but we need the means to do so.

I shall therefore have an opportunity, later on, to speak further about this matter when I present a bill to amend the Bank of Canada Act, precisely in order to increase greatly our international trade in an extremely favourable way.

(Text):

Mr. Scott: Mr. Chairman, I wonder whether I could call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Scott: Mr. Chairman, this is the first opportunity, and a very welcome one, for us to discuss the trade policies of the government. I might say, in beginning, we consider this particular department to be an extremely important one, and one we believe will play a very important part in the future of the country. Having said that, however, I hope the minister will not think it unkind if I express some mild surprise that we are proceeding with his estimates today. I would have thought that with the need for internal stimulation of the economy in Canada, we might well have used this day to discuss and pass some of the government's very urgent legislation, such as the municipal loans

measure which is designed to provide a very quick solution of unemployment. I would have thought that, while this is an important department, it could have stood a day or two and we could have spent today passing that very important piece of legislation.

However, Mr. Chairman, there are some comments we would like to make on the minister's opening statement. In listening to him, it seemed to us that the whole of the statement was based upon the concept of freer trade in the world. This was a very popular concept, and still is, and was based upon the idea that the United Kingdom would enter the common market, and it would become a very outward looking organization; that there would be a general and fast move towards free trade in the world. I did not see in the minister's statement anything that really sells us on the idea that this is the situation that exists. I hope that perhaps at some stage someone speaking for the government will make out a case for freer trade.

It seems to me that there are one or two flaws in the argument that perhaps could be answered at some later stage in the debate. The first one would be that with Britain not having gained entry to the common market, there is no evidence at all that the European economic community is, in fact, becoming a very outward looking trade group or one which is genuinely interested in making very widespread tariff concessions. In fact, there seems to be a trend in the other direction. It is tending to be an inward looking, insular organization with a highly restrictive policy, particularly in agriculture, and one which will have a very drastic effect presumably on our ability to get into these markets.

In addition, Mr. Chairman, if you examine the statements of some people in Britain, in particular those of Mr. Harold Wilson, the leader of the labour party, you do not get the impression that their views are wholeheartedly in favour of the fast move towards freer world trade. With the political climate in Britain, it is not unlikely that the labour party will become the government in the near future, and in examining some of the statements their leader has made on the subject one would have some doubts about this theory of freer trade becoming operative.

The other difficulty with the doctrine of free trade, which is basic to the government's position, is that it seems to me you are permitting the forces of laissez faire to dictate your external markets or your external policies at the very time when most world governments are operating on a reverse philosophy within their own domestic economy. By the use of planning, incentives, direction and control over the economy, they are tending more and more to internal control of the economy. It seems to me you are setting in motion forces which tend to be in conflict within the economy itself. I do not really see how you can have the forces of laissez faire dictating world markets at the very time when most modern countries are exercising a greater and greater degree of economic control, economic planning, in their domestic affairs. This is not to say that the doctrine of free trade is not an admirable one, and perhaps it will mean that this will be the trend. In the minister's speech this morning, I did not hear anything that really made a case for freer trade. This was a popular doctrine a year ago. World conditions have changed since then. I am just wondering to what extent the government has taken into consideration some of the major shifts in trade patterns that have taken place in the last year.

In his address this morning, the minister told us that the government was prepared wholeheartedly to support the tariff negotiations which will be taking place under the Kennedy trade expansion bill. I think, in general, this is good, Mr. Chairman. Again, there should be several caveats lodged in respect of these negotiations. I think, first of all, we have to remember that the Kennedy initiative has been tremendously weakened in these negotiations by the failure of Britain to gain access to the European economic community. The Kennedy trade expansion bill was almost predicated upon the success of the British application, and her failure to obtain entry means that the impetus behind the Kennedy negotiations will be considerably weakened.

It might well be folly to place too much emphasis on the chances of great success coming out of that particular type of negotiation. We also have to remember that the United States trade expansion act is essentially designed to relieve pressure on the American balance of payments problem. This means that the United States is primarily interested in exporting more and importing less. This is not to cast any particular doubts on its good will in these matters, but it is important to remember that it is essentially an act designed to benefit and further the interests of the United States in world trade.

Third, the real advantage to Canada under this series of negotiations lies in having Canadian products included in the 80 per cent group, which would permit negotiations towards free entry of products from Canada into the United States and areas of Europe. With these not being included in this group, then the degree of benefit we will obtain is considerably lessened, and it seems

doubtful to me that such far reaching tariff negotiations will be available to give us the mass entry into some of these markets that is basic to this whole idea of freer trade.

To participate wholeheartedly is all right, provided we are prepared to accept the fact that the degree of success is not as likely to be as marked as we had hoped a year ago. And yet, having embarked on this course, the government has indicated to us that to follow this type of negotiation will require a basic alteration in the industrial complex in Canada. In fact we will probably be required to upset an industrial structure that took four generations to build. In the world of rationalization that will follow these negotiations most, if not all, of our secondary industries will disappear. These industries have been built up under protective tariff walls, and some of them could not survive the lifting of the tariffs and live in the cold winds of international competition.

We would like to hear from the minister, if this were possible, the degree to which our industries will be affected by these tariff concessions. I realize it is perhaps difficult for him to tell us at this stage, but if he can give us some indication of the areas of our economy that will be affected, it would help us in assessing the adequacy of the trade programs.

Having said that, I want to mention a matter raised in the budget, because we have as yet received no answer to it. It is the absence of any sort of government trade adjustment assistance program. If the government is going to ask Canadian industries to bear the brunt of tariff negotiations, then surely our industries and the people employed in them are entitled to a fairly clear statement from the government as to its intentions in the field of trade adjustment assistance. We badly need a strong statement of policy in this regard because the business community is not aware of any strong stand being taken by the government. We need assurance that industries which will be adversely affected will receive financial aid, technical assistance and any other sort of help that is required to take them through the transition stage.

Workers in the plants need to be reassured that their relocation needs will be met, that funds will be available for relocating and training them in the event that their industries are closed. Municipalities also need similar assurance, and so I hope the government will tell the country that it intends to bring into effect a trade adjustment assistance act to take care of the dislocations in our economy which will inevitably follow any widespread tariff concessions in future negotiations. Indeed, it is hard to see where concessions will be made. After 15 years of tariff negotiations it does not look as though we have much ammunition left in the field of tariff concessions. That is why we would like some indication from the minister at this time on the areas where this type of concession will take place.

As I said earlier, it seems doubtful that the tariff cuts we can make will bring back the type of mass entry into mass markets that is a prerequisite to the whole theory of free trade in the world today.

The real, basic problem we face in Canada—and the minister correctly stated it—is the imbalance between our exports and imports, the release of mass exports of primary products and the lack of exports of manufactured products. The figures we have obtained show that one seventh of our total exports are manufactured goods, and the balance are in primary products. This is one area in which the government should take a very strong stand, and should perhaps examine some of the experiments followed in Europe, particularly in Sweden where a government program amounting almost to partnership and participation with private industry was inaugurated. Gradually Sweden's manufacturing industries have been built up under that program until half its exports are in manufactured products. A strong program of participation by the government with private industry would be beneficial to the Canadian economy.

The other problem that the minister did not deal with, although I hope he will before the debate is finished, is the problem of foreign control of the Canadian economy. Many foreign controlled industries have located in Canada primarily to take advantage of the British preference and of the tariff protection afforded our secondary industry; but if we are to embark on a policy of freer trade and tariff concessions, what will happen to these particular companies, and what plans does the government have in mind to deal with the likelihood that these companies will retreat back into the United States, do their producing there and ship their products into Canada? This, of course, would only accentuate our present difficulties.

I also hope the minister will give us some indication of the impact on the Canadian trade picture of the very extensive campaign being carried out by the Ontario government. I would like him to assess for us the implication of the "buy Canadian" or "buy Ontario" campaign being conducted by the Ontario government. It seems to me this would have serious implications for the whole policy of free trade.

I would also like the minister to deal with the attempts of the government to have some

of our customers abroad accept quotas on goods they are exporting into Canada. I asked him about this on May 23, and he indicated then that negotiations were taking place. I would like to know how these are progressing and how they fit in with the policy of free trade.

This is not an appropriate time for us to try to lay down an alternative trade program. Perhaps we can do that before the estimates pass; and these are only some of the comments we would like to make on the minister's statement this morning. On the whole, Mr. Chairman, what we heard today does not indicate that the government really has any sort of a trade program. It certainly has given no long range thought to planning. What we were told this morning amounted to many bland platitudes, that there are difficulties, that somehow we will triumph, that the Liberals will carry us through the storm, that they know how to do things, and that they do not have to tell us what their plans are. All we have to do is put our faith in them and everything will be all right. That may be all right from their point of view but it does not satisfy us, in this party. We hope we will have greater clarification on these matters.

As I said at the beginning of my remarks, Mr. Chairman, nothing we heard this morning seems to indicate a long range plan to deal with any of the matters we have raised. There are a host of other matters upon which we would like to comment as we go through the estimates. We did not hear too much this morning of the problem of the underdeveloped nations or the fact that the northern communities are getting richer and the southern communities are remaining relatively poor; and the underdeveloped nations look upon GATT as nothing but a rich man's club that is designed to exclude them from developing their own internal economies. We would like to hear what the government's plans are for the underdeveloped nations.

One hon. member spoke this morning about the need to get into the markets of Europe and to make the necessary concessions. Well, Mr. Chairman, if we look at this matter it does not seem that in Europe they are particularly interested, at this stage, in entering into this type of negotiation; they seem to be insular, self interested and primarily concerned with strengthening their own internal economy at the expense of the rest of the world. If this is true, is it not a dangerous course of action to be taking, to be basing all our program upon the likelihood of freer trade, to be asking the Canadian economy to make basic adjustments and at the same time not be prepared to have in this country a strong government program of trade adjustment and assistance to compensate industries, communities and workers?

I think this is all we wish to say at this stage, Mr. Chairman, in regard to these estimates. We can raise the other matters as the items come before us.

(Translation):

Mr. Pigeon: Mr. Chairman, I merely wish to say a few words about a matter I have set my heart on and which I am sure will be of interest to the minister of commerce (Mr. Sharp) as well as his parliamentary secretary (Mr. Pepin) who, as a former professor at Ottawa university, should be concerned with the problem I am going to raise, namely the metric system.

Would the minister or his parliamentary secretary inform us, at the first opportunity, when item No. 1 of the department of commerce estimates is called, for instance of the government's intention with respect to the application, gradually if possible and without revolutionary changes, of the metric system at the national level?

Besides, in March 1962, quite unexpectedly, the metric system almost grabbed the spotlight at the Canadian conference on education. A scientist of the national research council, Dr. J. T. Henderson, advocated the use of that system. He has pointed out that Great Britain, hoping to enter the common market, intended to adopt that system. A day will come when only a small group of countries will cling to an archaic system of weights and measures. We must act quickly, otherwise we will have to put up with serious troubles on the international markets.

The adoption of the metric system faces serious difficulties. It would probably cost a few billion dollars. We would be compelled to change the scales' graduation, clothes' sizes, length and area measurements, containers' volumes, firearms' caliber, etc.

Those changes would not happen overnight; they could be made gradually. Stores, plants and farms would account mostly for the conversion. Several years would be required for older people to get used to kilogrammes, litres and hectares. Even in France, where the metric system was introduced with the French revolution, there are people who still use old measures.

But for the students, this would be a welcome change. Furthermore, scientists and researchers in laboratories at the national research council for example use the metric system in their work as it is the most logical.

Mr. Paul: Would the hon. member allow me a question? Has he mentioned that the cost of such a system would be of the order of a few billion or a few million dollars?

Mr. Pigeon: It would amount to approximately a few million dollars. If I mentioned a few billion, I made a mistake and I thank the hon. member for Berthier-Maskinonge-Delanaudiere for having called it to my attention.

But Mr. Speaker, in reply to the hon. member, I may say that the application of the metric system would bring in trade worth several million dollars.

If the Canadian government was progressively assuming its responsibilities, it would establish an agency similar to that which is found in the United States, for example, where such an organization is now studying the question, and specially in England, where they have now started to report the weather conditions by using the metric system.

Mr. Speaker, the metric system, however artificial it may seem to us, is logical and of easy application. It allows one to pass rapidly from length to surface and cube, from cube to volume, from volume to weight, from weight to price.

Indeed, even a Canadian industrialist has insisted on the urgency of such a reform. In his opinion, the longer the delay, the costlier the change will be.

Mr. Speaker, those were the remarks I wanted to make.

Incidentally, it is interesting to note that India, which is part of the commonwealth, has adopted the metric system.

Surely, he must have noted, as I did, that 95 per cent of the world nations use the metric system.

I know that we will come up against difficulties and that is why I do not suggest that the system be applied overnight. But since education comes under the jurisdiction of the provinces, I think that a federal-provincial conference could be convened on that matter in order to enlist the co-operation of the provinces regarding the adoption of the metric system and even of international road signals.

We could also include the metric system in the school curriculum, since it is now used in all research laboratories and by all scholars in the world, including those in Canada. Incidentally, let me point out that NATO, of which our country is a member, also uses the metric system.

I remember that during the last world war, our allies faced great difficulties because Canada, among others, did not follow the metric system. In fact, when Canadian forces were advancing through France and building Bailey bridges, several adjustments had to be made because those bridges were built according to English measures, which brought about many difficulties for our allies.

I know that the Minister of Trade and Commerce wants to follow in the footsteps of the previous administration under which our trade growth was staggering. As evidence of this fact, I only need to refer to one of the most sensible statements ever made by the present Prime Minister (Mr. Pearson) when he praised the previous administration for the expansion given to our trade.

I also know that the Minister, conscious of his responsibilities, and having as parliamentary secretary a past and distinguished university professor, will see to it that the problem is given consideration and, following the example set by the United States and England, will establish within his department a special agency to look into all possibilities in order to adopt gradually the metric system which would give a stimulus to our trade.

(Text):

Mr. Winch: Mr. Chairman, I was most interested in following the speech of the minister this morning. In view of what he had to say, I would like to make a few brief comments on four of his statements, hoping that he will later in this discussion resolve the statements from platitudes to expressions of plans and policies. I have written down his statements, and if I have them correctly they are as follows: "There is a need for real initiative on behalf of Canadians and producers". Then again: "Canada must respond to basic shifts in trade". Then again: "We can expect keener competition". And lastly: "I am confident that Canadian producers will respond". Mr. Chairman, I am most interested in all four of these statements by the minister this morning, but particularly in the last: "I am confident that Canadian producers will respond".

We have been hearing platitudinous statements of that nature for some considerable time in the House of Commons, but I am most desirous of hearing from the minister whether he will convert that particular platitudinous statement into something of a definite nature whereby we can believe that the producers of Canada are interested, that they will take some initiative and some action. I say that because, although I regret having to make the statement, it is my belief from experience and knowledge that to a great extent there are far too many of our Canadian producers

who still seem to believe that they are in a sellers' market and not in a buyers' market. There are too many who, even if they do recognize that we in Canada are now facing a buyers' market, seem to think that the majority of the responsibility for initiative and planning rests upon the government, and they expect the government to hand them export trade on a silver platter. Somehow or other a change in this attitude must be brought about.

Hon. members may wonder why I feel so strongly in this way and speak so strongly at this time. It is because of the experience which I and three other members of this House of Commons had last year. I fully realize that in Lagos, Nigeria, in the early spring of last year there was a Canadian trade fair, and there is every indication that it was a successful trade fair put on wholly and solely by Canada. But in the late fall of last year an international trade fair was held in Lagos. Nigeria is the most populated country in that section of Africa, having a population of some 42 million. It is a newly developing country. I and three others from this House of Commons, and two members from the Senate, had the opportunity of spending one day at the international trade fair in Lagos. As a Canadian interested in Canadian exports it was one of the most disappointing experiences of my life. The Department of Trade and Commerce of the government of that day made available to Canadian producers a pavilion. The whole of the space in that pavilion was provided free of charge to Canadian producers.

If my information is correct the Department of Trade and Commerce were prepared to pay for the shipment of Canadian produce to be shown in that pavilion. Yet what did we members of the House of Commons and the Senate see at this international trade fair in this Canadian pavilion? There were only two booths with Canadians to explain the exhibits. I can think of three exhibits with no one to explain them; there were just the exhibits themselves. How can producers in Canada hope to get business by sending an exhibit with no one to explain it and no one to take orders? I also remember very distinctly four booths showing exhibits from Ontario, two displaying refrigerators and deep freezers, and one having to do with mechanical equipment, such as pumps. None of these exhibits had anyone from the companies concerned to explain them or show how they worked, or to what use they could be put. I was there at the same time as the lieutenant governor from one of the Nigerian states and the premier of another state, and when they asked who was the sales representative handling this equipment the answer was that there was not one.

Let me give just two other illustrations, Mr. Chairman. If my memory serves me correctly there are in Ontario millions of pounds of cheddar cheese for which we should like to find a market. This cheese was exhibited at the international fair in Nigeria. Nigerians are not familiar with cheese. To become so they had to pay a shilling to taste a piece. That just does not make sense to me, when you require initiative from Canadian producers to build export markets. What really upset me beyond all that was a power saw produced in British Columbia sitting on a shelf. The people of Nigeria had never seen a power saw and did not know what it was. No one was there to explain, to demonstrate it or to sell it. This is not the way for producers in Canada who have a pavilion supplied to them free by the Department of Trade and Commerce, with shipping costs paid, to expand our export business. That is something which I saw at a Canadian pavilion at the international trade fair in Lagos last November.

It is owing to that experience, Mr. Chairman, and because I honestly believe that there is a real market there in a newly developing country, that I say more is required from the manufacturers and producers in Canada than the expectation that the government will hand them business on a silver platter in a buyers' market. They have responsibilities also. That is the reason why I rose to speak. This experience was only a few months ago. The minister stated that Canada can expect keener competition; that Canada must respond to basic shifts in trade.

The minister followed that up by saying there was a need for real initiative on the part of Canadian producers. He was confident, he said, that Canadian producers would respond to what was demanded of them. Well, I wonder if the hon. gentleman would give us some indication as to how he came to that conclusion and what policies and plans he has in mind in order to activate some of our producers in Canada whose business must be maintained and expanded, not only in their own interest but in order to be able to provide employment in Canada.

I note that for the balance of the present year the Department of Trade and Commerce is taking part in only two exhibitions in the United Kingdom—an international packing exhibition in London from September 4 to 12 and the building trades exhibition also in London from November 13 to 27. It is true some thought is being given to taking part in an exhibition called the Belfast ideal homes exhibition in September of 1964. I want to plead with the minister that he

should follow through with his project of activating industry. On my way back from Africa last December I met with the British Columbia trade commissioner at British Columbia House in London. I found very little was being done at that time by either the lumber industry or the building industry of Canada to show at these exhibitions what Canada can do and what Canada possesses in the way of modern building materials. I hope that in the past few months this situation has been corrected. I trust the minister will go beyond platitudes and give us information as to the plans he and his department have in mind so see that we do take action, and that all this action does not come from the government side; because responsibility for the expansion of our markets in the interest of Canadian employment also rests with industry itself. Unless industry is told bluntly and emphatically to get off its backside and accept that responsibility, I am afraid we shall have difficulty in meeting what the minister has called the shifting changes of trade patterns throughout the world.

Mr. Nasserden: I should like, first of all, to congratulate the Minister of Trade and Commerce on his appointment to his present portfolio. The people of Saskatchewan and of my area in particular were interested in that appointment and were glad to see it made.

I was most favourably impressed by the general tone of the hon. gentleman's remarks here today although they did not seem to follow the line which government spokesmen have taken for months, and even for years. Be that as it may, this department is concerned with one of the most vital and challenging fields of government activity. The problems associated with trade are becoming more complex with each passing day. The establishment of the European common market with its internal co-operation and external restrictions is a feature which to my mind deserves more consideration than it has so far been given by the party opposite. One of the most disturbing developments of the last couple of years has been the emphasis placed on the idea of an Atlantic trading area. In the normal course of events 25 years ago this would perhaps have held for Canada some measure of promise. The situation today is very different. Canadian industry is faced with almost insurmountable obstacles in trying to compete in the highly industrialized and heavily populated areas of Europe. No one is suggesting that we should ignore the opportunities in this market. However, the future of Canada as a great trading nation and I believe as an independent nation as well, is more fundamentally to be found in association with the nations of South America and other emerging nations of the world.

At the close of world war II, Canada enjoyed for a brief period the right to claim third place in the trade of the world. That situation rapidly evaporated with the recovery of industrial activity in Europe. The unemployment situation that resulted from the slowdown in Canadian trade at that time has, to a large extent, remained with us despite the greater numbers absorbed into the labour market as a result of the normal growth of demand on the domestic market for goods. The present government has provided us with a number of proposals designed to improve employment. The previous government was also responsible for a number of measures which were helpful. I think it would be fair to say that something much more substantial is required than anything which has already been proposed.

It is my belief that we have to take an entirely new look at our trading problems and thrust the whole pattern of unemployment problems into our plans to build the trading image of Canada around the world. I was pleased to hear the minister refer to state trading patterns with evident approval. There is an almost unexplored opportunity in this area. I was also heartened to hear the minister voice his attitude in regard to the role that Canada might play in the economies of the underdeveloped nations of the world.

I would be remiss in my duties here if I did not point out that the attitude of the government is somewhat different from that which has been expressed by the minister today. This is particularly true in regard to the need for Canadian industries to achieve an increased measure of efficiency and economy of operation. The imposition of a sales tax of 11 per cent on production machinery and building materials appears to be a factor adverse to the increase in production for which the minister expressed hope in his remarks today.

I imagine the future of Canada as a trading nation will depend largely on the measure of boldness and decision with which we approach our target. As far as I can see, this government has given us no target toward which we should work at the present time. I hasten to assure hon. members who sit on the treasury benches that I am not suggesting they have not been concerned with this matter. Nevertheless, the general attitude of the government has shown carelessness in its approach to these problems. When one takes a look at the legislation which has been placed on the order paper, and when one

considers the provisions made in the budget itself, I would say that neither is good enough to solve our problems.

I believe that the people of my area and some other parts of Canada as well want the government to be made aware of the fact that an effort must be launched to arrest the continuing rise in what is already a high priced economy. This morning we passed a bill to provide for a new department of industry. All of us wish the new department and those who staff it a successful and fruitful mission. However, as I pointed out last night, there is a danger that the legislation may tend to encourage uneconomic industry in areas of chronic unemployment. If this were allowed to happen it would to my mind be a tragedy. I wanted to mention this to the minister at this time because such a result might have an effect on the domestic market in Canada and that, of course, is a factor to be considered by the Department of Trade and Commerce.

I hope the minister will continue to direct his attention and that of the department to the "buy Canadian" campaign. We have a great domestic market in Canada. We have been buying more goods from other countries than we should. Buying Canadian goods is one of the things that Canadians can do for themselves and perhaps with continued encouragement we will finally be able to put more Canadians to work at the task of producing goods to satisfy consumer demands.

I was pleased to hear the minister say that expansion is now under way in the Canadian economy. During the past several years the attention of the former government led by the present Leader of the Opposition was focused on trying to extend that expansion, and one of the matters that received their attention was power development and the energy resources of Canada generally. The devaluation of the Canadian dollar, following as it did so many years after the devaluation of the currencies of other countries, brought the products of Canadian industry more closely and intimately in competition with the products of other countries in world markets. These actions were taken by the government led by my leader. I might say that the decisions were not easy ones to take. However, they have already been of great assistance to the primary and secondary industries of this country.

I believe I should say a word or two about grain marketing. My constituency is one of the great grain producing areas of Canada and was one of the first to focus attention on the quality of Canadian grain when the late Seager Wheeler of Rosthern won the world wheat championship three times in a row. That was a long time ago. I notice that the export figures for rye and oats this year are above those of a year ago. The price of Canadian wheat in world markets today has reached a level in excess of what would have been imagined possible only a few short years ago.

One of the factors involved in this, of course, has been the credit sales that have been made and among those sales are those that have been made to red China. We on this side of the house believed that when those sales were made it was the breaking of the sod in an effort to supply Canadian grain to those areas where people were hungry and where there was a need. We believed that resulting from that agreement there should follow a greatly increased impetus on the part of our own Department of Trade and Commerce, and also in the markets of the world, that would see an increasing measure of Canadian grain going to such countries. I will not say anything further with regard to the agreement or the grain position at this time. I know this matter is being discussed in other places and perhaps the less said at this time the better.

Another problem that concerns the people of western Canada has to do with the oil industry and the oil market in this country. We would like to see greater use being made of the oil resources to be found in western Canada. When we look at the imports of oil into Canada we sometimes wonder whether all is being done that could be done in that regard.

I do not intend to say anything further. I know that the Secretary of State was over here a little while ago with a big smile on his face hoping that we would not take too long. He wants to get on with the business of the house. There will be other opportunities in other debates to deal with some of these matters. Finally, may I say that I believe that the future of Canada as a great trading nation perhaps lies more with the underdeveloped nations than with the other nations of the world. There is a great opportunity for us there, not only with regard to agricultural products but also industrial and heavy machinery products that our people can produce.

(Translation):

Mr. Martineau: Mr. Chairman, if I rise now I can assure you that it will be only to say a few words.

First of all, I want to congratulate the new minister who—I think this can be said without any partisanship—has done a good job as the head of that important department. He is ably seconded by his parliamentary secretary (Mr. Pepin), a former teacher at the University of Ottawa.

I am also glad to see that the minister had the good sense to recognize the progress accomplished by his immediate predecessors in the Department of Trade and Commerce. Thus he will be the first one to recognize the advance in our external trade in the last years, especially in the last two years, when Canada kept in the forefront among the great trading nations in the world. I see that he is willing to pursue the reforms undertaken and especially the aggressive campaign launched by the previous government, under the direction of Hon. George Hees and Hon. Gordon Churchill, in order to increase our trade on world markets.

I regret that this department is to be divided shortly on account of the establishment of the new department of industry. I feel that what the secondary industry of Canada needs above all at this time, is a minimum of interference on the part of the government and a sensible fiscal reform of which the government has given no indication up to now.

I wanted to speak at this time, Mr. Chairman, in order to urge the minister to convince his colleagues, and especially the Minister of Public Works (Mr. Deschatelets) who, unfortunately, is not in his seat at present, that it is absolutely necessary that a final decision be reached respecting the world exhibition to be held in Montreal.

I notice that the minister is giving me a stern look; he seems to wonder why I am dealing now with this question. It is merely because the exhibition administration comes under the authority of his department and that as a matter of fact, his supplementary estimates include an item with respect to the world fair.

Yesterday the Acting Prime Minister (Mr. Chevrier) said that the first stage, that is the question of the site of St. Helen island, had been settled. It is amazing that we cannot get from the minister, who is responsible for the world fair, a definite answer to the numerous questions that have been asked by the hon. members on this side of the house. I think it is most urgent that the government come to a decision and indicate clearly that the site that has been chosen is St. Helen island and Notre Dame island.

It was stated that according to the engineers' reports there was no real drawback, from an engineering point of view, to the site which the authorities of the city of Montreal consider as appropriate. In my opinion, the authorities of the city of Montreal have in that respect the support of the Quebec government.

This morning, I asked the Minister of Transport (Mr. McIlraith) whether under the Navigable Waters Protection Act the world exhibition could be held on those islands. He did not give me any definite reply, but he said that he presumed that the requirements of the act in that respect had been complied with.

Mr. Chairman, this is not a matter which can be held up. When the previous government was in power, it took the necessary steps and, due to its efforts, Canada made a successful bid for the world exhibition. We know that it is only after Moscow refused to hold the world exhibition that Canada again submitted her application. And thanks to the dispatch of the federal government, Canada was successful in obtaining that it be held in our country.

One knows that preparations for an exhibition of that scope take years and that the authorities of the international exhibition bureau are greatly worried about the inexplicable, needless and ridiculous shilly-shallying shown by the government so far.

I understand that a meeting has now been held between the ministers interested and the municipal authorities. I hope that, following that meeting, the minister will inform the house, without delay, that a final decision has been reached, so that the last phase of the preparations can be undertaken right away. And there is no time to lose. If the government refuses to assume its responsibilities in that respect, I feel that we run the risk of losing the exhibition. It would be a real loss not only for the city of Montreal and the province but for the whole country. I know that the minister means well, and I hope that he will put pressure on his colleague the Minister of Public Works as well as on his other colleagues so that an intelligent decision can be reached as expected not only by the authorities of the city of Montreal but by all the people of Canada.

(Text):

Mr. Rapp: I was very pleased, Mr. Chairman, to hear the Minister of Trade and Commerce presenting the estimates of his department. I was particularly pleased to note that he indicated our exports are still going up; so they are continuing the trend set in 1962. He indicated also that there were prospects for an increase in some exports to other countries. I believe this situation results from the approach of the previous government to this very important aspect of the Department of Trade and Commerce. Last year was the first time for quite some period when our trade surplus amounted to nearly $700 million. This was a very good indication of economic conditions.

However, my interest in this subject is mostly as a representative of an agricultural constituency, and my concern is mostly with agricultural imports and exports. I am particularly interested in the export of grain. Our exports over the last five years were quite a bit higher than the exports during the term of the previous Liberal government. This was a source of great satisfaction to all of our farmers. At the moment the situation does not look quite so good. I am not saying this has anything to do with the present Minister of Trade and Commerce, far from it. However, the prospects for a crop this year are extremely good. As a result of this, we may be faced with surplus grain. Since the Canadian wheat board comes under the jurisdiction of the Department of Trade and Commerce, I should like to bring to the attention of the minister the great concern of the people in the three western provinces.

I should like particularly to direct the minister's attention to one matter, and that is the quota system as it exists in our provinces. I have before me a little map which shows that my constituency of Humboldt-Melfort-Tisdale is one that has hardly any areas on a 12-bushel quota. As a matter of fact, I did bring this to the attention of the minister earlier, and I am sure he will take steps to see what can be done about it. Of the 67 delivery points in my constituency, I find that there are about 50 that are on an eight- or ten-bushel quota and there are only 16 that are on a 12-bushel quota. This brings me to a point I raised not so long ago when I introduced a bill. I am not going to discuss that bill at the moment, but I should like to direct the attention of the minister to the great need for storage space in my area. Previous governments which investigated this situation were told that they could have grain terminals built in this area to expedite the export of grain through the port of Churchill.

At the moment grain exports through the port of Churchill are at a very low figure, amounting to approximately 20 million or 25 million bushels. My area is one of the closest to this port, being only about 600 miles from it. If we had a terminal in our area we could have expedited the export of grain through Churchill, thus alleviating not only the surplus position in which my constituency finds itself but also increase the total amount exported through this port. This is an important consideration because producers save approximately seven cents a bushel on grain which is exported through Churchill to Liverpool.

Another matter pertaining to the same problem is that in the very near future we will be faced with an abandonment of railroads. In my constituency many farmers will be left without storage facilities because of this abandonment. All indications are that the crop this year will be very heavy and farmers in my constituency will not have storage space. Because of this, the terminal which I have suggested to the minister would be a great thing.

At present we have two government terminals, one in Saskatoon and the other in Edmonton, but over the years they have been used only to half their capacity. One reason is that during a surplus year private grain companies are reluctant to have grain stored at government terminals because they lose revenue on account of that. This is a very serious matter. I know I am not disclosing any new information to the minister, but in view of the seriousness of the matter I ask him to make strong representations to the government.

In conclusion I wish to say the farmers in my constituency are looking forward to an active approach in the selling of grain. During the past four or five years the previous minister in charge of the Canadian wheat board made very good efforts, as a result of which we were able to dispose of our surplus grain. With active efforts on the part of the present minister I believe markets can be found for our grain. If the right approach is taken, the minister will be able to see that more grain is sold to the customers we had over the last four or five years.

Mr. Olson: Mr. Chairman, I ask the indulgence of the committee for a few minutes to discuss a matter of wide interest and great importance to the whole nation. I do so because I believe this is the most appropriate time we will have this session. However, before going on to deal with this particular matter, I wish to congratulate the Minister of Trade and Commerce on his appointment to the position he now holds, and to say that whatever degree of success he has in promoting trade will be applauded not only by hon. members from all corners of the house but by Canadians from one coast to the other.

The problem I wish to discuss is the declining activity in the flour milling industry. This decrease has not been marked by any spectacular changes, and so it has not been brought to the attention of the public very often. However, looking back over the records it will be seen that a steady, gradual decline has undermined this very important basic industry. It is very desirable to establish new industry, but it is even more important to maintain the basic, long established industries that we have.

With the flour milling industry it is not only a matter of the actual processing of wheat and other grains into flour: it is a

matter of the bag industry and of all the other suppliers to this industry. I was pleased to hear the minister say that Canadians will require real initiative if they are to maintain and expand their position in the international market. This is very true, and inasmuch as the Canadian wheat board comes under the Department of Trade and Commerce, the minister can do a great deal to stimulate this initiative right within his own department, in maintaining and expanding markets for flour.

I have a few statistics that I wish to place on the record. Actually I have a large number of statistics but I shall not use them all. For example, in 1945 Canadian production, which would be the equivalent in wheat exported in the form of flour, amounted to 48 million bushels, and in the same year the United States export of grain, or its equivalent in flour, was only 16.9 million bushels. A decline then set in, and by 1962 Canadian export had fallen to 39.6 million bushels while the United States export had increased from 16.9 million bushels to 47.3 million bushels.

It is recognized that one of the greatest problems is that the United States government subsidizes the export of flour. During that same period other countries also moved into the international market. These other countries were not a factor at all just a few years ago. In this connection I think it would be well were I to read part of an article written by W. G. Malaher who is director of the research department of the Searle Grain Company. He says:

> The picture, so far as world trade in flour is concerned, has changed significantly in recent years, different countries being affected in different ways. Speaking generally, there has been an important advance from pre-war figures, with roughly an 80 per cent increase in the quantity moving in international trade.

It is wrong to suggest that there is a diminishing market in international trade so far as flour is concerned. As Mr. Malaher points out, it has increased by 80 per cent. Further he says:

> The United States accounts for about half this increase, the bulk of shipments being made under Public Law 480. However, a vigorous promotional campaign by American representatives abroad, including those from the Great Plains Wheat Organization, has opened new "cash" markets for U.S. bread flours and seems to be meeting with considerable success.

So, Mr. Chairman, it becomes obvious that all the reason for the increase in the United States export market is not because of credits; they have in fact vigorously promoted some new cash markets as well. I continue with this quotation:

> The net result of United States endeavours to move flour into world markets, by one means and another, has seen U.S. flour exports rise from the equivalent of some 40 million bushels ten years ago to 109 million bushels last season.
>
> In contrast, Canada's sales of flour abroad have fallen steadily since 1952 from the equivalent of 57 million bushels to approximately 32 million bushels in 1961-62.

This, as I pointed out at the outset, is one of the main reasons, but there is also a very significant development in the European countries with regard to which Canada must now take cognizance. Here I quote again:

> Perhaps one of the most interesting developments in the flour trade has been the progress made by France, Germany and Spain in developing export markets for their flour excess production. Prior to the war, Germany was out of the flour export picture in most years and Spanish exports of flour were an unknown quantity.
>
> Observes the Corn Trade News in this connection, "as much as any article in world commerce, export prices for flour are manipulated by the governments concerned. Germany, for example, with the highest guaranteed prices for home produced wheat in Europe could not export a single bag of flour but for the 'temporary admission' system, whereby French wheat can be milled free of duty and re-exported as flour. Germany is beating French millers at their own game and with their own wheat. What will happen to the German flour trade when the common market comes to fruition and millers have to pay £10 or £12 per ton more for French wheat is anybody's guess".

I suggest, Mr. Chairman, that there are some other countries in the world that are beating Canada at her own game and with her own wheat. Only last fall I spent a few days in Nigeria with the hon. member for Vancouver East. While we were in the capital city of Lagos we were shown a brand new flour mill that was turning out 8,000 cwt. of flour a day. Of course, Nigeria produces very little of the wheat that comes into this flour mill; but the interesting thing is that the total domestic requirements of the whole country were 6,000 cwt. daily. In other words, they were turning out 2,000 cwt. daily more than their total domestic requirements. They were exporting the additional 2,000 cwt. daily to countries which had been traditional markets for Canadian flour.

There are many, many other statistics that could be given, but one to which I do wish to draw the attention of the committee is this. In 1926, according to the *Financial Post* of February 9, there were 442 flour mills in Canada, and today there are only 58. It becomes even more depressing when one looks at what is happening to those 58 mills. I will admit that during the last three or four weeks there have been some orders to fill some of our commitments under the Colombo plan which have kept these mills busy. But prior to that time, if we go back to last fall, of those 58 flour mills that are still operating in Canada there was one in Medicine Hat that was completely shut down.

With regard to the other two there, one was running at 50 per cent of capacity and the other was running at 55 per cent of capacity. There was one mill, I understand, in Goderich, Ontario, which was completely shut down, another in Peterborough which was completely shut down; there was a plant at Port Colborne with a capacity of 26,000 cwt. daily that last fall was operating at a rate of 7,000 cwt. daily, or something less than 30 per cent. At Keewatin there was one plant which was completely shut down, and another that was running only part time. In Winnipeg there was a mill being remodelled. It had a capacity of 7,000 cwt. daily before it was remodelled. I think it is back in operation now. Anyway, they cut their capacity back to 3,000 cwt. daily.

I am not going to read all the rest of the statistics, Mr. Chairman, but this is the pattern all across Canada. The flour mills that we have today are running at something below 50 per cent of their capacity. The point I want to impress upon the Minister of Trade and Commerce—and I am sure he is already aware of it—is that here we have a long established industry which did have traditional and what we considered to be reliable markets for its finished products. We find that other countries which are not in the business of producing the raw material for these mills have all gone ahead and built flour mills and have almost squeezed our secondary industry, if you want to call it that, out of business. I think it is important to take note of the fact that we grow the raw material here in Canada; that it is of the highest quality and is the most acceptable product grown any place in the world. Surely we ought to be able to take action and initiative so we can also change this raw material into the finished product that is used, and maintain our present markets and find new ones so we may at least keep the mills going that are already established.

There is one other trend, Mr. Chairman, that I think we must consider very carefully, and I would like to impress this upon the Minister of Trade and Commerce. As long as we are selling Canadian flour to any nation it is assumed, and I think it is pretty safe to assume, that we use 100 per cent Canadian wheat to produce that flour. But when we get into the position where we are exporting wheat to be milled in other countries and then transshipped to the ultimate consumer through international trade, we get ourselves into a less competitive position with regard to supplying the raw material.

I am a little disturbed about this. I said that I do not wish to take up a great deal of time now; but there have been cases where new mills have been established in some of the countries to which we were supplying the flour. In the initial stages they bought from Canada the grain and the other additives that go into the finished product, but after these mills became established and got under way they began buying wheat from other nations in the world. Of course, this is actually drying up some of the traditional markets of our own grain farmers. I would suggest to the Minister of Trade and Commerce that one of the things we as a country could do would be to give flour the same treatment as wheat; in other words, offer it on the international market on a long term credit basis, as we do for wheat in the wheat form. Another thing we could do would be to take some action along the same lines as have Germany, France and the United States in subsidizing the movement of flour into the export market.

Mr. Chairman, I do not wish to take up any further time of the committee at the moment. There has not been a great deal of publicity attached to the almost destruction of this industry, because it has been a gradual and slow undermining of our markets. A few years ago it was one of the most important export commodities we had in Canada, and today it is gradually sinking down so that many of the people who have had long established jobs and job security in this industry are having to be retrained, and look for jobs outside the industry. In conclusion, Mr. Chairman, I hope the minister will give us some idea as to what he plans to do to re-enhance Canada's position in this regard and make us more competitive in the international market.

I have just one other quotation I should like to take from the *Northwest Miller* of June 24, 1962. It points out that the calendar year 1962 was another post-war record year for the production of flour, with total exports of approximately 96.4 million hundredweight. That is the amount of flour which moved on to the export markets. So certainly there is more and more flour being traded, and the reason Canada is losing out is simply because we are not competitive in relation to other countries. I hope something can be done to re-establish the market for this very important industry.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I do not propose to keep the committee very long. I am sorry to disappoint my old friend the Secretary of State who has been urging us to hurry up, but there are one or two things I would like to say on vote No. 1 in the hope that I may be able to elicit some comment on the points I intend to raise from the Minister of Trade and Commerce.

I am always a little disturbed when I hear public men, as I have been hearing them all my adult life, intone in almost reverent terms the phrase that Canada is a great trading nation. This is always good for a round of applause, of course, but very few people stop to consider just what the end result of having been a great trading nation may be. This morning the minister told us quite plainly that after many decades of being a great trading nation in our own estimation we are in this position, that we have been relying either on duty free or low duty agreements for the sale of our primary products, and that Canada is one of the world's largest importers of manufactured goods. In addition to that we have 60 per cent or more of our industry and resources owned by non-Canadians.

I think that in considering this whole question of trade we should first of all decide just what is our purpose in world trade. I think we have to distinguish between the purposes of the Canadian community as a whole and the purposes of certain Canadians. Obviously one has only to think for a moment or two to realize that there is only one purpose in external trade that we could have as a community, and that is to supplement our own economy. There would be no other purpose or gain that you and I as citizens of Canada could achieve from it. On the other hand there are Canadian citizens who do have another purpose, a much more narrow purpose though quite legitimate one, and that is the purpose of making money by the sale of Canadian primary products.

I believe a lot of our confusion arises from the rather careless use of terms. We speak of Canada's exports. To my knowledge there are only two classes of goods which come into that category. One is wheat, which has been dealt with quite extensively this afternoon and the suggestion made that the methods by which Canada sells wheat should now be extended to take in manufactured products as well; and the other commodity, of course, is uranium, which we are having some difficulty in selling. Apart from that we have the situation of a number of Canadians engaged in selling commodities on the world's markets.

I am fully aware of the theory, if it could be dignified as that, on the division of labour throughout the world. This, of course, is something one should aim at, at some time in the future. But I would point out that this question of trading on the world's markets cannot be considered in purely economic terms, or rather in the statistical economic terms in which it is usually considered. The world as a whole is not going to be able to meet its requirements for the goods of the abundant life for the greatly increased population which every demographer tells us we can expect in the next 50 years, unless every part of the world is fully developed to its utmost capacity. And we are not going to do that so long as we stick out our chests and say that we are a great trading nation, overlooking the fact that what we are is a nation which has sold ever and ever greater proportions of its resources, both natural and manufactured, to non-residents. We are a nation which is dependant on a stream of exports of primary products with very little effort having been spent on the development of our secondary industries to satisfy the needs of our own people.

I think it is illuminating to realize the stage at which a nation decides that it is all in favour of free trade. I know that even to suggest that some qualification may be required about free trade is almost heresy, if not sacrilege. I know quite well there is something moral about free trade and something immoral about any obstacles in the way of free trade. It is rather curious how these moral attachments came about. I think we should remember that the concept of free trade arose in the Manchester school of liberalism within the sound of the whirring spindles of the Lancashire textile industry. It was a very sound proposition for those people. It is interesting to note that the United States of America, which has quite recently reached the position of having the most productive economy in the world, has now suddenly come to the conclusion that there is something moral in free trade on which she turned her back during the whole of her years of development. No economy was ever developed behind such high walls as that of the United States. The development has now taken place, and suddenly we find a new apostle for free trade.

I suggest, Mr. Chairman, that Canada has to consider her position in the light of these developments. I do not think there can be much doubt that if a real liberalizing program of trade were to be undertaken with no holds barred, at the present time Canada would find herself in an increasingly difficult position; and unless at the same time we were taking steps to develop the economic facilities required for the satisfaction of as large a part of our own needs as possible, then we would be relatively in the same position as the undeveloped areas of the world about which the minister was speaking this afternoon. We should not be deceived by the fact that we are a fairly comfortable and affluent undeveloped area of the world. It is only a question of degree as between the position of Canadians and the positions of the inhabitants of the new emerging

countries in that they too are dependent entirely at the present time on the sale of raw materials and primary products in world markets, and are having the greatest difficulties in developing their own secondary industries.

I suggest, sir, as I said earlier, that it is absolutely essential that before we embark on any vast unlimited campaign of liberalization of trade we should keep in mnid the fact that the world is going to require something more from Canada than merely a storehouse of primary products; that the demands of the ever increasing world population are going to make it necessary for Canada and every other part of the world not yet properly developed to become developed to its fullest capacity in order to satisfy as much of its own needs as possible, and to place on the world's markets the surpluses which may accrue. I think that is our domestic problem.

I also think we share in another and perhaps more important world problem. My colleague from Danforth touched on it briefly earlier this afternoon and I should like to explore it a little further. It is the question of an expanding economy in a world in which exchange difficulties are becoming ever more critical and ever more frequent. I think we must bear in mind in fact that the two great reserve currencies of the world, the dollar and the pound, are now in a dangerously weakened position and may well become weaker still, unless some steps are taken in the international field to overcome this difficulty. My colleague made particular reference this afternoon to some comments which were made not long ago by Mr. Harold Wilson. Mr. Wilson was, of course, merely echoing the views of many other economists who have pointed out in recent years the dangers which lie ahead in the world today unless we can establish some better basis for international liquidity than the present international monetary fund. Unless that fund is enabled to move into a new sphere of activity as, in effect, an international central bank, we shall experience recurring exchange crises which will come about precisely as the developed areas of the world begin to expand. We shall find that the less developed areas of the world will not be able to develop secondary industries. They will find themselves with a continually declining price level for their primary products and will not be in a position to establish secondary manufacturing industries, because the price of being able to sell their primary products will be the acceptance of manufactured goods from the developed countries.

I should like to know whether the minister and his officials have given any thought to this—whether there have been any discussions within the international monetary fund about this possibility. I should also like to know whether the minister and the government have given any thought to the possibility of abandoning, to some degree at least, the fixed rate of exchange established by the former government. This fixed rate of exchange also has serious danger attached to it in a period of economic expansion, and it seems to me that though it might not be practicable at the present time to abandon such a rate entirely, it should be possible at least to widen the band of fluctuation which would be permitted each side of the fixed rate. The present variation is, of course, one percentage point on each side of the fixed rate. I suggest that at the start the spread should be permitted to extend to, say, five percentage points on each side of the fixed rate. If this were done, many of the dangers and difficulties inherent in a fixed rate of exchange might be overcome. I am well aware, of course, that these matters do not come within the immediate purview of the Minister of Trade and Commerce but are questions for the consideration of his colleague, the Minister of Finance. None the less, they are inextricably bound up with these problems in international trade and I think the minister and his colleagues will have to consider them in laying any plans for Canada's future.

These are matters upon which, at some time, I would hope to hear the hon. gentleman's comments.

Mr. MacEwan: I listened with interest to the speech made by the hon. member for Rosthern. My hon. friend raised a matter which I should like to place before the minister this afternoon. It concerns the use of export credits in the export of Canadian products to various parts of the world, including South America. I think this particular market has proved to be of great value as a market for our manufactured goods and I wish to urge the minister to carry on the work of the former government by following an aggressive export trade policy.

Among the goods which have been exported to foreign countries are rails to Mexico from Sydney, Nova Scotia, electrical plants and railway rolling stock. The Montreal locomotive works has sold a number of diesel engines to Brazil, as also has General Motors. I have followed the course of events in this field in the hope that rolling stock would be sold by a company in my area, the Eastern Car Company which is one of the Hawker-Siddeley plants. It was expected that this firm would be able to sell a substantial quantity of rolling stock to Argentina, but

through no fault of the company or of the government circumstances developed as a result of which the deal fell through. A revolution took place in Argentina and it was not possible to complete the sale. A contract had been signed but political conditions made it impossible to carry out that contract.

I hear tell of the possibility of selling rolling stock in other parts of South America and also, perhaps, to the state of Israel. My reason for taking part in the discussion this afternoon is to remind the minister that the staff of his department are well versed in export credits procedures. They have done a good job in this field and I hope the department will carry on the aggressive policy adopted under the former minister. The loss of this $25 million order to the plant in my area was a serious matter. We had hoped that this order would inject new life into a labour-surplus area. I realize that each company must sell its goods in these various markets abroad. They must be able to compete with the products of other countries, as was the case in relation to this particular rolling stock. I hope the minister will co-operate with his colleague, the minister of external affairs, and that their officials stationed in countries abroad will do their best to assist our export trade. It is a matter in which we are all vitally interested, and we hope that the years to come will see as good progress made as in the last few years which have set a record in this regard.

Item stands.

28a. Canadian government travel bureau, $123,000.

Mr. Dinsdale: I was pleased to hear in the hon. gentleman's introductory statement the comments he had to make on the activities of the Canadian government travel bureau.

I have also been pleased to note that since he assumed the portfolio he has shown a keen appreciation of the economic significance of the activities of this very important branch of government. I suppose I might term my remarks today somewhat of a swan song because up until last fall the branch was a part of the responsibility of the Department of Northern Affairs and National Resources. At that time, largely because of the impressive upsurge in the tourist industry, the work of the Canadian government travel bureau was transferred back to the Department of Trade and Commerce. This was recognition, which I feel came far too late, of the economic value of this important activity.

It has not come about accidentally that tourism is now recognized as an important segment of Canada's economic activity. I want to take this opportunity to pay tribute to the director of the bureau, the assistant director and the excellent staff associated with them. They have worked hard and diligently and have planned carefully over recent years with the objective in mind of making tourism the significant industry they have long realized it could become, provided it was given support by government.

During the past five years a deliberate program of tourist promotion was embarked upon. It was not only a matter of encouraging the activities of the travel bureau but also involved the co-ordination of all aspects of the Canadian economy which might be identified with the encouragement of the tourist industry, such as the construction of roads, the roads to resources program, the completion of the trans-Canada highway, the establishment of a network of air terminals adequate to meet the demands of modern air transportation, the development, refurbishing and expansion of our national parks system and the development of historic sites and monuments which are always major tourist attractions. We only have to point to the impact of the changing of the guard ceremony on parliament hill, which all hon. members recognize has become one of our major tourist attractions. Small business loans were another feature of this broad planning program to encourage the development of the tourist industry.

Then there is also the newly developed interest in that huge area north of the 60th parallel, northern Canada. Here too it has been recognized that the tourist industry is one of its major economic assets and as a result of the activities over the past years it can now be said that tourism in both the Northwest Territories and the Yukon territory is their second most important industry.

As a result of these activities it can be said—in fact it has been stated many times—that the year 1962 can be designated as the year of the tourist. As the minister said in his opening remarks, for the first time dollar income from the tourist industry reached a level of more than half a billion dollars. Now we press on to the next five years and I am certain that the attitude displayed by the minister will ensure that the program announced at the federal-provincial tourist conference in Ottawa last October will be achieved. At that time it was estimated that by 1967 the tourist industry would realize a dollar income of $1 billion a year. This estimate was based on the continuing expansion and rapid upsurge last year and also on the impact that will be made by the celebration of Canada's centennial.

It is also predicated, of course, on the degree of success anticipated from Canada's invasion of a hitherto unexploited market, that of the United Kingdom and Europe. As

hon. members know, the decision was made last year to move into this market. We had a very auspicious opening in the city of London near Trafalgar square last September and already there has been an encouraging response from that initiative. I am delighted to see that the minister, the Department of Trade and Commerce and the government are going to continue the expansion in this encouraging market during the course of the present year.

As a matter of fact, I think I am correct when I say that the Minister of Trade and Commerce has brought forward the $1 billion target set for 1967 by one year and is now forecasting that we will reach that target in 1966. I heartily concur with him and I am sure he has come to that conclusion having had an opportunity to realize the tremendous progress that has been made in this economic activity and because he is now fully aware of the buoyancy of the Canadian economy in the last year. It even exceeds the expectations of the former government, and the fact that he is able to bring forward our forecast by one year indicates that he agrees that last year was an exceptional one for Canada in all respects.

One final word, Mr. Chairman. These things cannot be achieved without broad co-operation in many quarters. I have already referred to the quality of the staff of the Canadian government travel bureau. These men have established very cordial and friendly relations with the provincial departments. I think that one of the happiest contacts a federal minister can have with his provincial counterparts occurs during the annual federal-provincial conference on tourism. This is an atmosphere that has been cultivated over the years. The spirit of co-operation has been well established and is recognized as being important because tourism is important to all segments of Canada.

Then there are the activities of the Canadian tourist association, a voluntary group which has served Canada well in promoting this important industry. It has had such illustrious Canadians identified with it as John Fisher who is now in charge of Canada's centennial planning. I must commend the minister and the government for continuing the special grant of $37,000 which will make it possible for the Canadian tourist association to expand its important work in this area.

Mr. Kindt: Mr. Chairman, I only wish to say a word or two on tourism, the second largest industry in Canada. I have not spoken before on these estimates, but having in mind the importance of the tourist industry to western Canada and Canada as a whole I would feel that anyone who would permit the vote to go through without having something to say on it would be indicating that he was not interested in it.

I do want to say to the minister that of all the industries that are dealt with by the Department of Trade and Commerce, there is none that is more important than the tourist industry. I say to the minister that within the Department of Trade and Commerce there are branches dealing with historic sites and monuments, battle monuments, and various branches dealing with particular aspects that attract tourists. It is my feeling that there should be closer co-ordination within the travel bureau of all these various activities of the government which are primarily directed towards sites to attract tourists. At the present time each branch has a policy of its own. They formulate policies of their own. One goes off in one direction and another goes off in another direction. Each one is subject to a certain amount of pressure to do this, that and the other thing. There should be closer co-ordination and an overall policy directed towards the attraction of tourists from all the corners of the world.

This concludes what I have in mind. I hope the Minister of Trade and Commerce will carry out policies which the former government established in connection with matters of tourism and will also, in co-operation with the provinces, do everything possible to further this second largest industry in the Dominion of Canada.

Mr. Gregoire: I have a couple of questions I should like to ask in connection with the estimates of this department. However, I have a train to catch at a quarter to five, and it is the last one leaving for my constituency, to which it is my duty to go every week end. I think, in such circumstances, we might ask the minister to stand these estimates until Monday. However, perhaps we could solve the problem very quickly. The questions I wanted to ask the minister are almost all on the order paper and have to do with bilingualism.

How many employees are there in the Department of Trade and Commerce, and how many in each salary classification are bilingual? If the minister can assure me that we will have answers to these questions on the order paper within a short period of time, I would refrain from asking these questions today.

Mr. Sharp: Mr. Chairman, I do not believe I will be able to satisfy the hon. member on all of his points. However, I have two pieces of information that might be of some interest to him. I asked in the department how many French speaking employees we had, outside of the bureau of statistics. I find that there are 319. I asked also about the trade com-

missioner service in which I thought the hon. gentleman might have some special interest. Out of 174, I think there are 86 French speaking Canadians in the trade commissioner service.

Mr. Gregoire: I think one of the main questions asked, and the one in which I would be interested, was as to how many employees are in the department, and how many are bilingual. I did not necessarily want to know how many are French Canadians, but how many of the total number employed by the department are bilingual?

Mr. Sharp: I am sorry; perhaps the hon. gentleman misunderstood. These 86 French speaking Canadians are bilingual. They can speak English as well. In the department as a whole, outside of the bureau of statistics, there are 319 who speak both English and French.

Mr. Gregoire: Out of how many, sir?

Mr. Sharp: Out of an establishment of 3,690.

Mr. Gregoire: Which would make that proportion about 10 per cent?

Mr. Sharp: That is about right.

Mr. Gregoire: I have another question concerning construction contracts—

(Translation):

—building, maintenance and repair contracts awarded by the minister. Could he tell us what is the total amount of these contracts and out of those how many have been awarded to French Canadian firms?

Mr. Pepin: What contracts?

Mr. Gregoire: Contracts for the construction, maintenance and repair of buildings and other structures. Could the Minister of Trade and Commerce tell us what percentage of those contracts has been awarded to French Canadian firms?

(Text):

Mr. Sharp: Mr. Chairman, I regret that I cannot give this information now. As a matter of fact, the Department of Trade and Commerce does not have many contracts of that kind. It is a rather minor part of our activities. Most of our buildings are provided for us by the Department of Public Works. The only kind of construction in which the department engages would be that in connection with trade fairs abroad or the world's fair, and so on.

Mr. Winch: I believe, sir, we are discussing item 28. I understand that this is the last administrative vote for this department, the balance being statutory. May I, therefore, ask the minister if he is prepared now, before this last vote carries, to make a statement on some of the important issues that have been raised by members of the committee and some of the important questions which they have asked?

Mr. Sharp: Yes, I am quite prepared.

Mr. Winch: It will be done now?

Mr. Churchill: I wonder if it would not be wise to complete the estimates in front of us and then, by unanimous consent, revert to the first item so that the minister might make a reply. We are so close to completing the estimates—we almost got through earlier than was intended, which would have embarrassed the house leader no end.

Mr. Pickersgill: Not a bit.

Mr. Churchill: We do not want to make the mistake of being too co-operative. We are in the final stages of completing these estimates, and then we could revert to item 1 for the minister's reply.

Mr. Winch: This procedure is quite all right. I raised the question as a result of previous experience with the former government. When we had passed the administrative item, we could not get back to item No. 1 for a statement.

The Chairman: Shall the vote carry?

Item agreed to.

National energy board—

30. Administration, $634,000.

Mr. Churchill: I wonder if the minister would say a few words of explanation concerning the work of the national energy board? I am exercising great restraint today by not making a speech on the estimates of this department, including the national energy board. I should like to hear something about it.

Mr. Sharp: The national energy board is now in its fourth year of operation. Its functions may be classified broadly as regulatory and advisory, and the general nature of its activities is reflected in the make up of its personnel which are predominantly professional and technical.

On the regulatory side, the board is interested in the interprovincial and international movement of hydrocarbons by pipe line and the exportation of electrical power. Its regulatory functions may be divided into classes of action which are quasi judicial, in that they establish or vary rights and interests in property and those which are administrative.

The quasi judicial functions include the issuance of certificates of public convenience and necessity for international power lines and for interprovincial and international pipe lines for the transmission of oil and gas; the

issuance of licences for the exportation and importation of gas and the exportation of electrical power; the authorization of pipe line companies to expropriate land; the authorization of crossings by or of pipe lines; and the regulation of the traffic, tolls and tariffs of pipe lines under its jurisdiction.

It might be of interest to the house to know that last year the board held 11 public hearings which resulted in the issuance of certificates and licences. In addition the board is empowered to approve the construction of certain pipe lines and pipe line facilities by exempting such construction from certificate proceedings, and in this connection the board issued 18 such orders for gas and oil pipe line facilities. Some 98 orders were issued under various other regulatory sections of the National Energy Board Act.

The regulatory functions of an administrative character include those having to do with the protection of public safety as it may be affected by pipe lines, and the miscellaneous matters involved in ensuring that pipe line companies under the jurisdiction of the board comply with the terms of their acts of incorporation and with the provisions of the act. The staff of the board conducts field inspections relating to the safety of pipe lines under its jurisdiction. One of the chief provisions of the act relating to safety has to do with the issuance of crossing orders, and in this connection last year the board issued some 295 such orders. In addition the board issued 28 leave-to-open orders for pipe lines under its jurisdiction. The board is currently participating in the work of a Canadian standards association committee to establish a Canadian code for the design, construction and operation of oil and gas pipe lines.

An increasing portion of the board's responsibility relates to its advisory functions under part II of the act, which charge the board with studying and keeping under review all matters relating to energy falling within the jurisdiction of this parliament. In pursuance of this obligation, the board has continued the preparation of detailed supply and demand forecasts relating to energy, and indeed just today I authorized the publication of a short term forecast. In co-operation with other agencies of government it has endeavoured to establish more comprehensive and more accurate statistical series for energy. It has been engaged in the preparation of a short term energy forecast, in the course of which it has consulted federal and provincial agencies and industry groups.

The board has participated in arrangements for studies of a national power grid and in studies of the feasibility of developing certain remote hydroelectric power resources. The advisory work of the board will be intensified as we move further in the development of joint energy studies with the United States, concerning which I reported to the house a short time ago.

I mentioned a moment ago the regulatory function of the board in connection with tolls and tariffs relating to the operation of pipe lines under the board's jurisdiction. To prepare itself for any formal action which it might be called upon to take in this respect, the board has prepared and prescribed uniform classification of accounts for gas and oil pipe line companies, which provide uniformity in accounting practices and which facilitate the board's review of the financial records of companies under its jurisdiction.

Item agreed to.

The Chairman: Order. That concludes the items of estimates for the Department of Trade and Commerce. Shall we by consent revert to item No. 1?

Mr. Pickersgill: Are you going to take the supplementaries?

The Chairman: The supplementaries have been passed. Shall we return to item No. 1 for purposes of discussion?

Some hon. Members: Agreed.

General administration—

1. Departmental administration including fees for membership in the international organizations listed in the details of the estimates and $25,000 for grants to promote industrial design, $5,288,800.

Mr. Sharp: May I take this opportunity to thank hon. members for their contributions to the discussion of these estimates and for their kind words, which are greatly appreciated by a new minister. I should like to comment on the remarks of various speakers in reverse order, which may not suit hon. members who spoke first, but which will help me in recalling what they said.

I attempted to answer some of the questions put to me by the hon. member for Lapointe. The hon. member for Macleod and the hon. member for Brandon-Souris made some comments about the importance of the tourist industry, with which I am in full agreement. I would like to thank the former minister, who at one time had responsibility for the Canadian travel bureau, for his words of encouragement, and also to commend him for the work that he did in promoting the tourist industry in this country when that bureau was under his jurisdiction. I can assure him that I took over the travel bureau in excellent shape. I do hope we shall be able to carry forward its work and that we shall attain those objectives which I stated, and which

I hope will result in there being even greater encouragement to the tourist industry than under his administration.

I might add that I had the privilege, when I was in London, of visiting the travel bureau office which is just off Trafalgar square. Perhaps the house will be interested to know that the results of the new efforts made to promote the tourist trade in the United Kingdom, have been excellent. The travel bureau inserted a series of advertisements for the first time in United Kingdom newspapers, promoting travel to Canada, and in the first week received 10,000 inquiries, which was really a very remarkable result from a single series of advertisements.

The hon. member for Pictou referred to the importance of export credits, and I want to say to him that the government is fully aware of the importance of making export credits available, particularly for the export of those heavy industrial goods that he was talking about. I hope he will not think I am speaking too politically when I say it was under the previous Liberal administration that these policies were first introduced and developed, and I am happy that these initial efforts, which proved successful at the time, have been carried forward. I hope we shall continue to expand our exports and that these credit facilities will help us in that respect.

I am also conscious, of course, of the importance of the South American market. I happen to have spent some time in Brazil when I was in private business, and I am aware of the tremendous potential. I am also aware of the great difficulties of doing business in those countries, and about the importance therefore of having credit facilities to enable those countries to go on purchasing goods from abroad during their period of rapid development.

The hon. member for Nanaimo-Cowichan-The Islands made a very interesting series of comments about trade policy. I shall not attempt to answer all his arguments, but I would like to put forward a few comments upon the thesis or theses that he presented. First of all he said that I, like so many other speakers, had spoken about Canada being a great trading nation. He somehow felt that this had been said too many times. I do not think it can be said too many times, and may I suggest to him the reason I said it, and this I draw particularly to his attention, is that we have a high standard of living because we are a great trading nation. This is the reason that 18 million people are able to exploit the resources of Canada so efficiently. Because we have foreign markets to which we can sell the surplus we create, we have our high standard of living, the second or third highest among the countries of the world.

He also spoke about the desirability of promoting industrialization. The reason I as Minister of Trade and Commerce, and the government as a whole, are profoundly interested in the success of the trade negotiations that are about to begin, is that we believe it is only through successful trade negotiations that we shall be able to achieve the kind of industrialization we all want to have in this country.

One of the main reasons this country is an exporter of primary materials and foodstuffs to such a high degree is the structure of foreign tariffs. It is because in the United States there are very high tariffs against manufactured goods and very low tariffs against raw materials and foodstuffs. The purpose of the trade negotiations that are under way today, as far as we are concerned, is to reduce those high tariffs on manufactured goods so that Canadian manufacturers have an opportunity of getting into foreign markets with their products, not only in the United States but in Europe and Britain. I really am quite surprised that the hon. member should be guilty of the sort of interpretation of history that he gave, because I would have thought, to judge from some of his other remarks, that he might have a rather more sophisticated view of these matters. But I suggest to him that the reason the United States developed as a great manufacturing nation was not because of the external tariffs around that country but because of the existence within that country of the world's greatest common market. The United States is still the world's greatest common market. It is because, when those 13 colonies were formed, they decided to form a common market that the United States today has become the greatest industrial nation in the world. It is not because of their external tariffs; it is because of the lack of internal tariffs among the states.

The other point I would like to emphasize —and this arises not only in connection with what the hon. gentleman said but in connection with what has been said by other hon. members—is that no one on this side of the house has ever proposed that Canada should enter into unlimited trade negotiation.

In the statement I made to the house after returning from London and Geneva I made it quite plain that Canada was going to bargain for access to foreign markets, for which we were willing to pay equivalent value. Our negotiating position is that we will pay for what we get. This, surely, is the essence of anyone's bargaining position and it must

be the position that is taken by Canada. We did not accept for Canada the pattern of trade concessions that the United States is proposing or that Britain is willing to accept or, we hope, that the European common market is willing to accept. We said that would not be suitable for Canada, and therefore we insisted upon the resolution on which these negotiations are based containing a clause which says that countries in our position shall offer concessions of equivalent value, not necessarily of a linear character.

Mr. Lambert: Mr. Chairman, I wonder whether I might interrupt the minister and ask him a question at this time. A few moments ago he suggested that Canada's aim should be to get other countries to lower their tariffs against manufactured goods in order that our manufacturers could get into those markets. On the basis of what he now calls negotiating equivalents, does he feel that Canada also will have to give away something of a similar nature; and what adjustment will have to be made by some Canadian industries to compensate for gains of other Canadian industries?

Mr. Sharp: Mr. Chairman, the hon. member for Edmonton West was last on my list and I would not have reached the point he made in his earlier comments until a little later. I can say at this time that until we know how far the United States, Britain and Europe will go in reducing tariffs on a linear basis we will not know how many benefits we have to buy. Therefore it is very difficult for me to answer the question directly. All I do say to him is that I think we shall have to make some concessions, but they will be concessions that will be matched by benefits available in foreign markets.

The hon. member for Nanaimo-Cowichan-The Islands made some comments about Canada's rate of exchange. May I suggest to him, Mr. Chairman, that for a minister of the crown to discuss the rate of exchange is something like revealing budget secrets.

The hon. member for Medicine Hat made some interesting observations about the flour milling industry. I wish to assure him that I have had representations from the flour milling industry along similar lines and that the government is fully aware of the problem, which arises in the main from the export subsidies being paid by the United States. By way of encouragement, however, may I put on the record one point that shows that the Canadian flour milling industry is in fact competitive on a commercial basis. It is noteworthy that Canadian commercial exports, which totalled the equivalent of 30 million bushels of wheat last year, continue to exceed commercial exports from the United States. I have a table before me which shows that apart from non-commercial exports made by the United States under its assistance programs, United States exports have declined from the equivalent of 53 million bushels of wheat in 1957-58 to 22 million bushels in 1961-62, whereas Canadian commercial flour exports have declined from 36.8 million bushels to 30.2 million. So that in fact our commercial flour exports have been better sustained than have those of the United States.

To my hon. friend from Humboldt-Melfort-Tisdale I am tempted to read a letter I received today, a copy of one that has been sent to him by the Canadian wheat board, which I hope will help satisfy him with regard to his problems in connection with quotas. Perhaps he has not received it. It has come to me by telex, and it is dated July 3. I hope the information contained in this letter will show him, first, that I have been, as I promised, willing to place before the wheat board his particular problems and, second, the prompt way in which they have been dealt with.

The hon. member for Pontiac-Temiscamingue spoke about the responsibilities of the Department of Trade and Commerce in connection with the world trade fair. Our responsibility in the department relates to the Canadian exhibit at this fair. It does not relate to the fair as a whole, either to the selection of the site or to any of these other matters; it relates to the building of the Canadian exhibit.

Mr. Martineau: Mr. Chairman, my remarks were made in the hope that the minister would make the necessary representation to his colleagues in order that definite action can be taken on the choice of a site, so that we do not lose this fair that is very important to Canada's trade.

Mr. Sharp: May I say to the hon. gentleman that I will be glad to do so, although I do not really think my colleague needs to have the matter drawn to his attention at the moment. It seems to me that there are other people outside this house who have brought the matter forcibly to his attention.

The hon. gentleman for Rosthern made a number of comments. There is only one on which I will take time to comment. He asked me about "buy Canadian" programs. I would like to suggest to him that the emphasis ought to be on "sell Canadian goods" rather than on "buy Canadian goods". I feel that if we place the emphasis on this direction we can achieve much more than by suggesting we ought to discriminate in our buying among suppliers. The hon. gentleman from Vancouver East gave Canadian industry a lecture

about their responsibilities in the promotion of trade. I really do not think that it is appropriate for a Canadian minister of the crown to lecture Canadian businessmen on their own businesses. I believe it is the function of the Department of Trade and Commerce to assist Canadian businessmen. I do not believe I ought to be going around the country exhorting Canadian businessmen to act in their own interests in promoting trade, and I do not intend to. I intend to make available to businessmen for their use the facilities of the Canadian government. I intend from time to time to encourage them to exploit the opportunities which I hope will be opened up as a result of negotiations, and encourage them to exploit the opportunities now available. But I do not think I should tell businessmen that they do not know how to run their own businesses. I believe that Canadian producers will respond to the new opportunities that will emerge from these trade negotiations, and as evidence I could produce many recent instances where Canadian businessmen have been successful in breaking into new export markets.

The hon. member for Vancouver East referred to the Lagos international trade fair. My department has told me that of the 40 Canadian companies displaying their goods, nine sent company sales executives from Canada to man their exhibits. Twelve more Canadian manufacturers arranged to have agents in Nigeria staff their exhibits during the fair, and ten hired Nigerian university students to handle inquiries which were received. As a result of this most of the booths were adequately manned for the duration of the fair.

Mr. Winch: If that is so I never saw them.

Mr. Sharp: Perhaps the best indication of the results achieved by Canadian participation in the Nigerian trade fair is that our exports to that country more than doubled in 1962, when goods valued at nearly $7 million were shipped as compared with less than $3.5 million for the previous year.

Mr. Winch: May I ask the minister a question. Is he referring to the Canadian trade fair held in January and February last year, or to the international trade fair held last November?

Mr. Sharp: I am talking about the Nigerian international trade fair held from October 27 to November 20, 1962, which was a follow-up to the Canadian solo trade fair held in that country in January 1962. I am speaking directly to the question raised by the hon. gentleman.

The hon. member for Joliette-L'Assomption-Montcalm, if I may use some non-metric language, gave us pounds and miles and acres of good sense on the subject of the metric system. I have just one comment to make, and it is a very practical one. The hon. gentleman has a logical mind like so many of his French Canadian colleagues. The problem Canadian producers face is that they have to produce goods in a form that can be sold abroad successfully. Therefore I do not think that a country like Canada can make more rapid progress toward a metric system than do our principal customers, the United Kingdom and the United States. That does not mean that it would not be sensible to move toward a metric system, but I think it places some limitation on the rate at which we can proceed.

I now come to the remarks made by the hon. member for Danforth. I should like to comment on one point he made: An apparent conflict between economic planning and freer trade. My view, and I am sure it is the view shared by all those who have had some practical experience in these matters, is that for a country like Canada that is so heavily dependant upon trade, and likely to remain heavily dependant upon trade, economic planning must take into account the realities of our international position. Any idea that there is a conflict between these two objectives is, I think, based on a misunderstanding of the nature of true economic planning, or upon a misunderstanding of our position in the world. There is and can be no conflict. These two objectives of planning our activities and promoting trade must go hand in hand, so I really do not think that most of what he said really bore on the problem that faces our country today.

He also made some statements to the effect that I did not make a good case for freer trade. Perhaps I did not. I will grant that. However, as I said in replying to the hon. member for Nanaimo-Cowichan-The Islands, I do believe that the objective of the round of trade negotiations which is just about to begin is to promote the industrialization of Canada. The case for freer trade is that it enables us to raise our standard of living. Otherwise we would not engage in it. We are not doing this because of adherence to any Manchester school or because we have any predilections for any particular economic theory. We are doing it for good practical reasons, namely to promote the welfare of Canadians.

Now, I should like to comment on the remarks of the hon. member for Edmonton West who opened the discussion. While I did not deal in my opening remarks with more than one subject, it was not because I could not have spoken all day about the activities of the Department of Trade and Commerce. I wish to assure him that as

minister I intend to carry forward the work of trade promotion just as actively as the work of trade negotiation and policy. I have been reviewing the activities of the department over the past few years, during which time some very good work was done in the field of trade promotion. But you cannot go on doing the same things over and over again, and it will be my objective to adapt the trade promotion program of the department to meet the needs of the coming year, and not to copy the program of previous years. I intend to have regional trade conferences across the country. These will differ in form, perhaps differ in membership. I intend to continue the promotion of trade through international conferences, but perhaps not in exactly the way it was done before. There were some weaknesses in the previous programs as well as some very strong points. But I can assure the hon. gentleman that the work of trade promotion will be carried on just as actively, and perhaps even more effectively, than in the past.

I do not agree with the hon. gentleman that the failure of the United Kingdom to enter the European common market has made the current negotiations abortive. I think it would have been better if Britain had been able to negotiate herself successfully into the European common market. Then there would have been even greater scope for trade negotiations under the Kennedy round. There are nevertheless great opportunities still available. The best evidence of that is that the strongest advocates of the Kennedy round are not the Americans but the British. At the Geneva talks the United Kingdom said that they were prepared to go as far as any other country in the world in linear tariff cuts. They took this view for obvious reasons. Not having joined the common market by negotiation they now want to reduce the tariff barriers against them in Europe, in the United States and in all other countries. So this could be a very important round of tariff negotiations and I believe we should, as I said, do everything possible to ensure that the negotiations succeed.

Finally, the hon. gentleman spoke about the value of expanding our trade with the Caribbean. I should like to agree with him. This is an area in which we have had traditional ties over many years. It is an area of great potential and one in which Canada has already done some very useful things. I am sure the hon. member is aware of the extent of our trade relations with this area. In 1961, for example, we imported from the British West Indies $84 million worth of goods, mainly sugar and bauxite. This is one of the largest exports of that area; we are one of its biggest customers. Our exports to that area were somewhat less. So this is an area which is dependant upon Canada and it is one in which we can take advantage of the good will and of the excellent relations which have existed in the past to develop even closer trade to the mutual benefit of both the West Indies and ourselves. We have trade commission offices in Kingston, Jamaica, and Port of Spain. We are sending an appliance and houseware mission to visit Barbados and Trinidad during October and November of this year. This is part of the program of promoting better relations and closer ties with that area. Over the last five years we have granted $2 million in aid, and $2 million have been requested for 1963-64 to supply economic assistance. Many Canadian teachers and technical advisers have gone to that area. I expect that more will go. I could give many more instances of the influence of Canada in that area.

I would like to conclude by saying once again how much I have appreciated the co-operation of the committee this afternoon.

Item agreed to.

(Translation):

Mr. Deputy Speaker: Order. In order tc allow the house to proceed to the consideration of private members' business as listed on today's order paper, it is my duty, pursuant to section 3 of standing order 15, to rise, report progress of some resolutions and request leave to sit again later this day or at the next sitting of the house, as the case may be.

Some hon. Members: Agreed.

(Text):

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if before you proceed to any other item of business, Mr. Speaker, the house will permit me to say just a word. I want first of all, to thank all hon. members for the wonderful co-operation we have had today. In the second place, I wonder if I might be permitted, because of an engagement which I have, to announce the business for next week or for the part of next week I am in a position to announce it for, that is Monday and Tuesday. I have explained to hon. gentlemen opposite why I do not want to go beyond that at the moment.

There is, I think, general understanding that on Monday we would take the two resolutions pertaining to the two northwest territories. The debate will be very brief and we do not intend to proceed beyond the resolution stage and the first reading of the bills. The reason is that certain arrangements

of long standing have been made—the hon. member for Brandon-Souris, in particular, will be familiar with them. There is a meeting of the Northwest Territories council arranged for next week and the commissioner is anxious to have the bills available for consideration by the council because of important constitutional developments which are likely to result from these bills. So if there could be an understanding that perhaps one speaker from each party would take part in the debate, so that we might get these things through in a reasonable time, it would be the government's desire to go ahead with those items.

Then we intend to take the Atlantic development board bill and the economic council bill. If there should be any other item required before Tuesday is over we would call the resolution respecting the Department of Agriculture. I should like to confer with hon. gentlemen opposite some time on Tuesday with respect to the business for the rest of the week.

Having announced the business for Monday and Tuesday, I wonder if the house would consider the desirability of forgoing the private members' hour today and adjourning. We have in this building as a guest with us the prime minister of Australia, Sir Robert Menzies. I understand a reception is being given for this distinguished visitor who first visited Canada and spoke in this house 22 years ago—there is nothing significant about the 22 years. It occurred to me that since we have accomplished so much in the last two days perhaps hon. members would like to have the opportunity of meeting the prime minister of Australia for a little longer. I just put forward this suggestion realizing it would need unanimous consent.

Mr. Nowlan: As far as we are concerned we would be very happy to adjourn and give all hon. members an opportunity to meet this distinguished visitor who is an old friend of Canada. The hour is rather late and it would be awkward for some hon. members to stay here too long, so I think it might be helpful if we were to adjourn as soon as possible.

Mr. Patterson: We in this group would be quite amenable to accepting the suggestion made by the Secretary of State.

Mr. Winch: I should like to take this opportunity of speaking on behalf of our group and to express our agreement with the suggestion which has been made. I do so for two reasons. I have had the honour of meeting the prime minister of Australia both in Canada and in Australia. The second reason is that I happen to be half kangaroo, my mother having been born in Australia. That is why I sought the privilege of rising on behalf of this group to accept the suggestion which has been made.

PRIVILEGE

MR. SHARP—CORRECTION OF STATEMENT CONCERNING BILINGUAL EMPLOYEES

Hon. Mitchell Sharp (Minister of Trade and Commerce): May I be permitted to rise on a question of privilege? I gave an answer today which was incorrect and I would like to take the earliest possible opportunity to correct it. When I was asked by the hon. member for Lapointe how many bilingual employees there were in the department I gave the figure accurately, 318, but I said that was excluding the dominion bureau of statistics. When I gave the figure for the total number of employees in the department, I gave a figure which included the bureau of statistics. The correct figures are: 318 bilingual employees in the Department of Trade and Commerce, excluding the dominion bureau of statistics, out of 1,860.

On motion of Mr. Pickersgill the house adjourned at 5.22 p.m.

[The following items were passed in committee of supply]:

DEPARTMENT OF TRADE AND COMMERCE

A—Department—

General administration—

1. Departmental administration including fees for membership in the international organizations listed in the details of the estimates and $25,000 for grants to promote industrial design, $5,288,800.

Trade commissioner service—

5. Administration and operation, $6,011,000.

10. Construction or acquisition of buildings, land, equipment and furnishings, $68,000.

15. Exhibitions branch, $1,429,900.

20. Standards branch, $3,026,800.

25. Dominion bureau of statistics including the fee for membership in the inter-American statistical institute, a contribution of $500 to the international statistical institute and a grant of $30,000 to assist in defraying the expenses of the 1963 international statistical institute conference to be held in Canada, $11,328,900.

26. 1961 decennial census of Canada, $1,122,200.

28. Canadian government travel bureau—to assist in promoting the tourist business in Canada including a grant of $37,000 to the Canadian tourist association (formerly under northern affairs and national resources), $3,656,300.

B—General—

National energy board—

30. Administration, $634,000.

A—Department—

General administration—

10a. Trade commissioner service—construction or acquisition of buildings, land, equipment and furnishings, $80,000.

17a. Canadian participation in the universal and international exhibition, Montreal, 1967, $130,000.

28a. Canadian government travel bureau, $123,000.

HOUSE OF COMMONS

Monday, July 8, 1963

The house met at 2.30 p.m.

(Translation):

ATOMIC ENERGY OF CANADA LIMITED

AMENDMENT RESPECTING FRENCH TRANSLATION OF NAME

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm) moved for leave to introduce Bill No. C-82, to amend the act respecting Atomic Energy of Canada Limited.

Some hon. Members: Explain.

Mr. Pigeon: Mr. Speaker, the purpose of this bill is to correct an anomaly—as far as bilingualism is concerned—which has existed within this crown corporation since its incorporation. The object in view is to translate the name of Atomic Energy of Canada Limited into Énergie atomique du Canada Limitée, and I would be most happy if the leader of the house would see to it that this bill be given priority over all other bills in order that it may be passed as soon as possible.

Hon. C. M. Drury (Minister of Defence Production): Mr. Speaker, on a point of order, I just noticed that this corporation has been incorporated under part I of the Companies Act. Therefore, it can change its name in accordance with its charter. As a matter of fact, I am informed that it has requested supplementary letters patent empowering it to adopt a bilingual name. Therefore, I feel that the bill is unnecessary.

(Text):

Mr. Speaker: Order. The point of order raised by the minister is interesting, but I am afraid I cannot admit it.

I have nothing in front of me except this *(Translation):*
"introduction of bills". So the house should be asked if it agrees to allow the hon. member to introduce the said bill.

[*Later:*]

Mr. Pigeon: Mr. Speaker, I am prepared to accept the suggestion of the minister provided that he tells the house that the translation has been done at my suggestion, because I moved the said bill.

Motion agreed to and bill read the first time.

(Text):

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*USE OF WORDS "AIR CANADA" ON T.C.A. AIRCRAFT

Question No. 363—**Mr. Côté (Chicoutimi):**

1. What are the technical difficulties encountered in displaying the words "Air-Canada" on the fuselage of the aircraft operated by Trans-Canada Air Lines?
2. What are the legal difficulties encountered in displaying bilingual markings on these aircraft?

Mr. McIlraith: Answered.

(Translation):

Mr. Gerard Girouard (Labelle): Mr. Speaker, on a point of order. To question 363 you said "Answered" when it was a question requiring an oral answer. To question 363, you—

An hon. Member: You said "Answered".

Mr. Girouard: Question 363 is a question requiring an oral answer, Mr. Speaker.

Mr. Speaker: I did not understand. The hon. member is talking about question 363.

(Text):

Mr. Girouard: I thought the minister said "answered", and it is a question to be answered orally.

Mr. McIlraith: If the hon. member is referring to question No. 363, I must apologize. I did not know it was a starred question when I called "answered", and handed in the answer. However, the answer is as follows:

1 and 2. The Trans-Canada Air Lines Act establishes as the official name of the company "Trans-Canada Air Lines" in English and "Lignes Aeriennes Trans-Canada" in French. Without amendment to this statute there is some doubt as to the legal position if another name is displayed on the fuselage of aircraft.

Furthermore, the availability of fuselage space being at a premium, the display of both these names on aircraft fuselages might create problems of safety as it would be difficult for control officers to identify or direct aircraft bearing more than one name.

There would also be considerable costs involved in a change of name, i.e. publicity expenses already incurred under the present name, the taking of aircraft out of service for repainting, the monogramming of cutlery and linen, the use of the additional name on forms,

stationery, ticket stocks, etc. This whole matter does not lend itself to a simple solution. It is, however, receiving serious consideration.

ELLIOT LAKE—CONSIDERATION OF ECONOMIC STATUS

Question No. 399—**Mr. Crouse:**

Is the government giving consideration to cooperating with a committee formed to investigate the economic status of Elliot Lake and, if so (a) what are the names of all officials and companies belonging to the committee (b) what sums of money will be made available for stockpiling uranium ore from Elliot Lake during the next four years?

Mr. Stewart: The government has been cooperating with a special committee formed to investigate the economic status of Elliot Lake. The names of the individuals who served on this committee are:

Hon. W. Benidickson, P.C., M.P.; Mr. Jack Davis, M.P.; Hon. R. W. Macaulay, M.L.A.; Hon. J. W. Spooner, M.L.A.; Dr. E. B. Gillanders, executive vice president, Rio Algom Mines Ltd.; Mr. W. P. Arnold, general manager, Rio Algom Mines Ltd.; Mr. John Kostuik, vice president and general manager, Denison Mines Limited; Mr. M. J. deBastiani, mine manager, Denison Mines Limited; Mr. John Metz, Stanrock Uranium Mines Ltd.; Mr. J. T. Gauthier; Mr. Jack Wellard; Mr. J. S. McLaren.

Following several meetings of this committee, and as a result of market investigations at home and abroad, the Prime Minister was able to announce on June 26, 1963 that:

The government, strictly as a short term measure, is prepared to buy, and to stockpile, the quantities of uranium that will enable certain mines to maintain present employment until July 1, 1964, at prices which will cover the operating costs of the mines to that date.

The companies concerned have been informed of this offer and the government believes that satisfactory arrangements can be negotiated with them. When this has been done, the proposal will be put before parliament for approval.

The three mines affected are Milliken and Denison mines at Elliot Lake and Faraday mine at Bancroft. These are the mines which could continue to operate economically but which, under present contracts, will close at dates between next month and the end of the winter.

The communities concerned will therefore be able to rely on the continuation of present employment until the end of the next school year.

This decision is an expression of the government's declared general policy for facilitating industrial adjustments.

The government is meantime vigorously exploring the opportunities for alternative employment that may be developed in these communities during the next twelve months. To attempt to bring this search to a satisfactory conclusion will be a priority activity for the department of industry, and its area development agency, whose establishment the government has proposed to parliament.

[Mr. McIlraith.]

Further reference was made to the mine coverage and possible cost of this program by the Minister of Trade and Commerce in parliament on July 2, 1963. His remarks appear on pages 1729-1730 of *Hansard* for that date.

Please note the minister's statement to the effect that:

The government . . . is prepared to buy and stockpile . . . uranium . . . until July 1, 1964, at prices that will cover the operating costs of the mines.

The outlay involved will "be of the order of $20 million".

PRESS RELEASES, RESTRICTIVE TRADE PRACTICES COMMISSION

Question No. 422—**Mr. Howard:**

Since January 1, 1956, has there been any change in the style, content or amount of information contained in press releases from or about the restrictive trade practices commission relating to reports of that commission and, if so, what are the details about such changes, and the dates upon which each such change took effect, and the source of instruction, if any, to put the said changes into effect?

Mr. Stewart: Yes. The form of press release issued when making public reports of the restrictive trade practices commission was changed at the time of the report concerning the manufacture, distribution and sale of metal culverts and related products which was made public on August 16, 1957. Press releases issued on and subsequent to that date, generally speaking, have set out the title of the report, how the inquiry was instituted, date of argument before the commission at which representations were made on behalf of the parties and the director, date of report and a statement concerning consideration of what further steps should be taken. Press releases prior to the above date, in addition to the foregoing material, generally speaking, included a summary of the report, the findings and recommendations of the commission and the names of the persons or companies found to have participated in activities which were the subject of the report. The press releases are releases of, and issued by, the Minister of Justice.

I should like to inform the house that having reviewed this matter it is my intention, in releasing future reports, to return to the more detailed form of press release used prior to August 1957.

(Translation):

WORLD FAIR SITE

Question No. 440—**Mr. Valade:**

Has the Minister of Public Works definitely accepted St. Helen island as the official site for the world's fair?

Mr. Deschatelets: Yes.

(Text):

C.B.C. TELEVISION STATION, NEWFOUNDLAND

Question No. 462—**Mr. Fisher:**

1. Has the C.B.C. applied to establish a T.V. station in Newfoundland and, if so, on what date was the application (a) heard by the C.B.C. (b) approved by the B.B.G. (c) sent to D.O.T. (d) approved by D.O.T. (e) presented to the government by the C.B.C. to get funds for the project (f) approved by treasury board?

2. Has the C.B.C. (a) property in hand or under option for this T.V. project and, if so, what, and at what cost (b) a plan for the buildings and, if so, what is the estimated cost of buildings, and of transmitter facilities?

Mr. Dupuis: I am informed by the Canadian Broadcasting Corporation, the board of broadcast governors, and the Department of Transport, as applicable, as follows:

1. Yes; (a) heard by the board of broadcast governors at public hearing commencing January 15, 1963; (b) recommended by the board of broadcast governors to Department of Transport for approval April 5, 1963; (c) April 5, 1963; (d) not dealt with by Department of Transport, further information being awaited from the board of broadcast governors; (e) included in main 1963-64 estimates submitted to treasury board in November, 1962; (f) main estimates approved January 8, 1963.

2. (a) The corporation has an agreement with the parties concerned, by exchange of correspondence, for the acquisition of property for this project. No payment has yet been made in regard to the acquisition of property. The transmitter site of approximately 10 acres will be acquired in part from the C.N.R., by a long term lease for a nominal sum and in part from the province of Newfoundland, by transfer of title. The cost of the studio property of approximately 6 acres is estimated at $45,000.

(b) Yes. The estimated total cost of studio and transmitter buildings is $892,150. The transmitter facilities, including tower, antenna and equipment has an estimated total of $420,250.

PREVENTION OR SURVIVAL OF NUCLEAR ATTACK

Question No. 467—**Mr. Fisher:**

1. Does the government consider a nuclear attack which would affect Canada to be a possibility?

2. If so, in simple outline, what steps has the government taken to (a) prevent such attack through military measures (b) ensure survival and some continuity for the population at large aside from military measures?

3. What sums by year have been spent, in rough estimate, for the development of government objectives as described in 2(a) and 2(b)?

4. What is the estimated spending in these two categories for the next fiscal year?

Mr. Drury: 1. Yes.

Questions

2 (a) Canada is a member of the NATO alliance and has entered into agreement with the United States for the joint defence of the North American continent, and supports the peace preserving missions of the United Nations.

(b) The following are some of the more important measures to assist the population in surviving nuclear attack:

(i) A warning system has been developed to warn the public of the likelihood of attack or fall-out;

(ii) A continuing program of public information is operating in co-operation with provincial and local authorities to inform the public of the hazards of nuclear war and the measures they should take to protect themselves;

(iii) An emergency broadcasting system is organized whereby the public, during an emergency, will be given information, advice and instructions;

(iv) The Canadian army has prepared itself to carry out rescue operations in areas damaged or seriously contaminated;

(v) Since 1962 radiation detection equipment has been made available to provinces so that radiation hazards can be detected and measured;

(vi) Governments have been making plans and the required preparations to be able to do what will be needed of them at the time of emergency;

(vii) The federal authorities have provided guidance and financial assistance to provinces by means of which many municipalities have developed plans whereby they can furnish essential services such as those with regard to fire, police and emergency welfare, even in the event of nuclear war;

(viii) A war supplies agency is being organized to be responsible, among other matters, for mobilizing and equitably distributing stocks of food, fuel and clothing that survive attack;

(ix) Many millions of dollars' worth of emergency health supplies have been stockpiled throughout Canada;

(x) Since 1953, the federal government has maintained at Arnprior, Ontario, a civil defence college at which training has been provided for members of the military services and for federal, provincial and municipal employees and other persons nominated by the provinces and municipalities. This has been done wholly at federal cost.

3(a). The annual defence budget, as a rough estimate, although this includes some elements of support to (b) but does not include expenditures of other government departments related to defence.

(b). The approximate expenditures over the last six years are as follows:

Questions

1957-58	$ 4.1	million
58-59	4.1	"
59-60	15.6	"
60-61	26.2	"
61-62	69.8	"
62-63	40.8	"
Total	160.6	"

These figures cover all federal expenditures including those of D.N.D. for programs of civilian survival.

4(a) $1,590,006,537.

(b) $40,000,000. This figure covers all federal expenditures including those of D.N.D. for programs of civilian survival.

(Translation):

NATIONAL FLAG

Question No. 496—**Mr. Valade:**

1. Which official flag does Canada intend to display on her pavilion during the 1967 world exhibition in Montreal?

2. Will it be a distinctive national flag?

3. Will it contain the union jack or the red ensign?

Mr. Deschatelets: 1. My hon. friend will appreciate the fact that it is not possible to answer that question today because a bill about a distinctive national flag will be submitted to the house within two years, and we hope that all the opposition parties will then support such an undertaking by the present government.

2 and 3. See answer to No. 1.

(Text):

BILINGUAL EMPLOYEES IN POST OFFICE DEPARTMENT

Question No. 506—**Mr. Perron:**

How many employees are there in the Post Office Department and, of these (a) how many are bilingual (b) how many speak English only (c) how many speak French only (d) how many are French Canadians?

Mr. Pickersgill: May I ask that questions Nos. 506 to 566 stand?

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I rise on a point of order. A series of questions is allowed to stand when an answer could be provided much more quickly to some of them. For example, in the case of question No. 513, it has been asked how many persons earn more than $20,000 per year. Now, as there is only one in the Post Office Department, I think in this case at least, the question having been put on the order paper on June 13, it should not have taken four weeks to find out whether he is bilingual. Likewise, as far as question No. 514 is concerned, which asks about the number of persons earning between $15,000 and $20,000 per year, the answer could have been given by now.

[Mr. Drury.]

I think that there is some unwillingness on the part of the Secretary of State and that answers could be provided more quickly than at the present time.

Therefore, I would ask Mr. Speaker, if replies cannot be given immediately to this series of questions and that those which can be answered immediately be dealt with, so that the information be obtained as soon as possible.

(Text):

Mr. Speaker: I did not quite hear what the Secretary of State said. He asked that questions Nos. 506 to 566, should stand; was that it?

Mr. Pickersgill: Yes, Mr. Speaker, I asked to have those questions stand. The other day I explained to the hon. gentleman, incidentally in whose name they do not happen to stand, that the government was giving the most careful consideration to the best way of answering these questions satisfactorily. There are some technical difficulties about giving the answers, and it was thought it would be preferable to consider all of them together, and just as soon as it is possible to give answers that will really be satisfactory, then the answers will be given.

(Translation):

[*Later:*]

Mr. Gregoire: Mr. Speaker, on—

(Text):

Mr. Speaker: Order. The rule applies to all of us.

Questions stand.

GRANTS FOR STUDENT RESIDENTIAL ACCOMMODATION

Question No. 593—**Mr. Cowan:**

1. How much money has been allocated, year by year, to hospitals throughout Canada as grants toward residence accommodation for students of nursing?

2. Have any funds been allocated as grants toward residence accommodation for students of the teaching profession attending teachers' colleges and, if so, what has been the total of such assistance?

3. Have any funds been allocated as grants toward residence accommodation for students of business colleges for secretaries and stenographers during the same time and, if so, what has been the total of such assistance?

4. What is the basis of government policy with respect to the payment of grants if any in each of the aforementioned classes?

Mr. Dupuis: 1. Under the hospital construction grant, federal assistance has been provided annually, on the basis of projects submitted by the provinces, for the construction of residence accommodation for graduate and undergraduate nurses in those hospitals with schools for the instruction of students of nursing, in the following amounts:

1951-52, $120,261; 1952-53, $894,853; 1953-54, $400,082; 1954-55, $553,636; 1955-56 $767,310; 1956-57, $637,478; 1957-58, $371,592; 1958-59, $1,150,770; 1959-60, $633,222; 1960-61, $512,034; 1961-62, 376,218; 1962-63, $1,055,717.

2. and 3. No grants coming within the scope of this question have been made by the Department of Finance.

4. Assistance under the federal hospital construction grant currently provides, on the basis of projects submitted by the provinces, $750 per bed toward the cost of constructing new nurses' accommodation, or up to one third of the cost of renovation of obsolete accommodation. The provinces undertake in each case to at least match the federal contribution.

C.S. COMPETITION 60-P-1D-133

Question No. 597—**Mr. Fisher:**

1. How many applications did the civil service commission receive for competition No. 60-P-1D-133?
2. What were the names, the posts held, and the qualifications required for the posts then held, by those applicants who were interviewed by a selection board?
3. Who was the successful applicant?
4. Had this successful applicant ever had (a) any purchasing experience before this appointment (b) any experience at product research (c) any experience at conducting surveys?
5. Was the previous chief purchasing agent bilingual and, if not, why was the decision taken to make this a bilingual post, and who made the decision?
6. Was a bilingual ability a factor in determining the successful applicant from among those interviewed?

Mr. Dupuis: I have been given the following answers by the civil service commission:

1. 18.

2. It is not customary to release the names of unsuccessful candidates in civil service competitions.

3. Mr. J. Lucien Harper.

4. (a) Yes, a number of years experience in purchasing or procurement or related work, as required in the advertisement for this position. (b) No—not required under the advertised qualifications. (c) Yes.

5. Yes.

6. The advertisement for this competition called for a knowledge of both the English and French languages sufficient for the duties involved.

SPECIAL ASSISTANT TO GOVERNMENT LEADER IN SENATE

Question No. 604—**Mr. Fisher:**

1. Has the Minister without Portfolio and leader of the government in the senate taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?

Questions

2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?
3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Davis: 1. Yes; executive assistant: Mr. Torrance J. Wylie, age 24.

Place of birth: Hawkesbury, Ontario.

Educational institutions: primary and secondary education in Hawkesbury schools. University studies at Carleton University, Ottawa.

Educational qualifications: B.A. and 2 years of graduate study in political science.

Business experience: research assistant with the Canadian universities foundation, Ottawa for a period of one year.

Initial and present salary with the government: $8,000.

2. No engagement in length of time undertaken and none given.

3. Educational qualification, ability and interest in the parliamentary process.

SPECIAL ASSISTANT TO LABOUR MINISTER

Question No. 639—**Mr. Fisher:**

1. Has the Minister of Labour taken an executive assistant or a special assistant on staff and, if so, what is this person's name, age, place of birth, institutions of education and educational qualifications, governmental or business experience (position held, length of experience, name of firm) and initial and present salary with the government?
2. What length of time has this assistant undertaken to serve the minister and/or what engagement in length of time was given to the assistant by the minister?
3. In brief, what particular qualities of this assistant led the minister to engage him?

Mr. Byrne: 1. Yes. An executive assistant, Patrick Joseph Lavelle. Age 24. Place of birth, Toronto. Institutions of education, St. Michael's College and University of Western Ontario. Experience, journalist and public relations executive, MacLaren Advertising Limited. Initial and present salary $9,500.

2. No length of time specified.

3. Ability.

RECOMMENDATIONS OF JOINT COMMITTEE ON INDIAN AFFAIRS

Question No. 688—**Mr. Howard:**

What action, in detail, has been taken with respect to each of the following recommendations of the joint committee of the Senate and the House of Commons on Indian affairs:

"(a) The act should provide for a term of office for band councils of not more than three years with one third of the members elected each year.

(b) All band members, who are otherwise qualified, should be allowed to vote at band elections and on any other matter affecting the band if present on the reserve when the election is held.

(c) The chief should be elected by the band members rather than from the elected council.

(d) An oath of office for band council members should be required.

(e) The Indian Act should set out specific duties and authorities of the chief.

(f) The act should provide for filling a vacancy in a band council as soon as possible after the vacancy occurs.

(g) There should be an extensive educational program to acquaint band councils with the Indian Act and regulations and with council authority.

(h) It should be the definite policy of government to move toward more self governing bands and to this end more bands should be given control of their revenue funds.

(i) There should be a decrease in ministerial and governmental authority with a concomitant increase in band council authority.

(j) Bylaw authority under the act should be combined and additional powers granted.

(k) To assist elected band councils in local self-government, per capita grants on an unconditional basis should be made"?

Mr. Munro: (a) (b) (d) (e) (i) (j) (k) The implementation of these recommendations involves legislation and is being considered in connection with a review of the Indian Act for possible amendment.

(c) To restrict the election of a chief to a majority vote of the electors would require changes in the Indian Act, as it now provides under section 73(3) for the election of the chief by a majority vote of the electors, or by a vote of the elected councillors from among themselves.

(f) In accordance with the provisions of section 77(4) of the Indian Act, a special election may be held to fill a vacancy when such vacancy occurs in a band council more than three months before the date when another election would ordinarily be held. The general practice is to hold such special elections in consultation with the band council concerned.

(g) Leadership training courses for Indians sponsored by the department numbered 12 in 1961-62 and 15 in 1962-63. These courses included instruction in such subjects as community development, band administration, the provisions of the Indian Act, and the conduct of meetings, which are of direct interest to band council members and potential candidates for council attending the courses. In addition a handbook describing their powers and duties under the Indian Act is available to band chiefs and councillors upon their taking of office. Agency superintendents who have a continuing educative role in their relations with the band councils are asked to discuss the handbook with the band councils, explaining its contents in detail and provide continuing assistance and information in day to day administration of band affairs.

(h) The department is already moving ahead in this field. Progress is dependant upon the readiness and ability of Indian bands to assume the additional authority and responsibility which may be conferred under the Indian Act. Since 1959, 51 bands have been granted permission to control, manage and expend in whole or in part their revenue moneys.

RECOMMENDATIONS OF JOINT COMMITTEE ON INDIAN AFFAIRS

Question No. 692—**Mr. Howard:**

What action, in detail, has been taken with respect to each of the following recommendations of the joint committee of the Senate and the House of Commons on Indian affairs:

"(a) Special depreciation allowances should be allowed Indian commercial fishermen.

(b) All existing liquor restrictions should be deleted from the Indian Act; and the same rights extended to non-Indian citizens of the various provinces be applicable to Indians, except that the right of possession and consumption on the reserve be granted only after approval by a majority vote of the band.

(c) Sections 32 and 33 of the Indian Act relating to the sale or barter of produce from reserves in the three prairies provinces should be deleted.

(d) Provincial courts should have jurisdiction to deal with Indian estates."?

Mr. Munro: (a) (b) (c) The implementation of these recommendations involves legislative changes and will be considered when the Indian Act is reviewed for possible amendment.

(d) Steps are being taken to implement this recommendation. Present practice is to consent or direct that the administration of Indian estates of substantial value be referred to the provincial courts pursuant to section 44 of the Indian Act. This will be gradually extended in scope as individual land holdings on reserves and other problems are resolved.

RECOMMENDATIONS OF JOINT COMMITTEE ON INDIAN AFFAIRS

Question No. 693—**Mr. Howard:**

What action, in detail, has been taken with respect to each of the following recommendations of the joint committee of the Senate and the House of Commons on Indian affairs:

"(a) Indian affairs should be the subject of a dominion-provincial conference in order that such matters may be transferred to provincial jurisdiction as may be mutually acceptable to the Indian people, provincial and federal authorities.

(b) Another special joint committee of the Senate and House of Commons should be appointed within a period of seven years to review Indian affairs.

(c) A program of research into the economic, cultural and social concepts of the Indian people should be undertaken in conjunction with the provinces and universities.

(d) Community planning and development studies should be continued."?

Mr. Munro: (a) This matter is under consideration and when a conclusion is reached an announcement will be made.

(b) No action is being taken to recommend another special committee of the Senate and House of Commons to review Indian affairs at this time as the seven year period referred to in this recommendation will not be reached

until 1968. The establishing of such a joint committee will be a matter for parliament to decide.

(c) The question of Indian research is under active consideration at the present time and it is expected an announcement regarding this matter will be made in the near future.

(d) Community planning and development studies, which the committee noted with satisfaction were being engaged in by the Indian affairs branch, have been continued and expanded.

HYDROGRAPHIC SURVEY, LAKE WINNIPEG

Question No. 738—**Mr. Stefanson:**

1. How much was spent in each of the calendar years 1957, 1958, 1959, 1960, 1961, and 1962 on the survey being carried out on lake Winnipeg, Manitoba, by the Canadian hydrographic service?
2. How much is estimated to be spent in 1963?
3. When is it expected that the survey will be completed and the charts available?

Mr. Benidickson: 1. 1957, $30,783; 1958, $35,766; 1959, $35,100; 1960, $38,096; 1961, $42,210; 1962, $29,791.

2. Approximately $1,600.

3. 1976 and 1977 respectively.

AUTOMOBILES MANUFACTURED AND IMPORTED

Question No. 742—**Mr. Mather:**

1. How many automobiles were manufactured in Canada in 1962, and what was the value of same?
2. How many automobiles were imported into Canada in 1962?
3. From what countries were they imported, and what was the value of the cars imported from each such country?
4. How much was collected in customs duties on the cars so imported?
5. How much in taxes was collected on the cars manufactured in Canada in 1962?

Mr. Dupuis: 1. The number of automobiles produced in Canada in 1961 was 322,000 valued at $656,156,000. The number produced in 1962 is estimated at 429,000, the value of which is not available.

2. and 3. Imports of new passenger automobiles and chassis (classes 5642, 5643 and 5644), by countries, in 1962, were as follows:—

Country	No.	Value
United Kingdom	37,089	$53,087,624
France	4,955	4,947,418
Germany West	32,256	35,171,413
Italy	482	523,871
Czechoslovakia	275	222,146
Sweden	1,657	2,917,589
Japan	63	61,496
United States	17,878	54,313,823
Totals	94,655	$151,245,380

4. Customs duties collected on the imports of above cars in 1962 amounted to $21,656,289.

5. $124,327,179.57 (federal sales tax, including tax on trucks).

Questions

TENDERS FOR R.C.M.P. QUARTERS, PUGWASH, N.S.

Question No. 751—**Mr. Coates:**

1. How many tenders were received for the construction of the R.C.M.P. detachment quarters in Pugwash, Nova Scotia?
2. What were the names of the firms submitting tenders?
3. What were the amounts of the bids submitted?

Mr. Davis: 1. Seven tenders were received in 1962 but a contract was not awarded due to the reduction in government expenditures. In 1963 the three lowest bidders were invited to tender again and one tender was received as a result.

2. Tenders were submitted in 1962 by the following firms: Leonard Construction Co. Ltd., Sydney, N.S.; A. N. Bayers Contracting Limited, Halifax, N.S.; C. K. Venoit & Son, Ltd., Kingston, N.S.; Wm. A. Halverson, Truro, N.S.; Donald H. Ryan, Springhill, N.S.; Albert E. Whidden, Antigonish, N.S.; K. P. Allen Limited, Amherst, N.S.

A tender was submitted in 1963 by the undermentioned firm: A. N. Bayers Contracting Limited, Halifax, N.S.

3. The amounts of the bids submitted in 1962 are as follows: $37,888; $38,780; $38,835; $41,220; $43,750; $45,495; $48,965.

The one bid submitted in 1963 is as follows: $42,630.

FOREST ACCESS ROADS

Question No. 756—**Mr. Doucett:**

1. How many forestry access roads did the government contribute to in 1962-63?
2. What was the mileage of such in each province?
3. What was the amount of money spent in each province?
4. What are the planned contributions for 1963-64 in each province?
5. What is the estimated cost for each province in 1963-64?

Mr. Nicholson: 1. 172.

2. Province	Mileage
Prince Edward Island	1
Nova Scotia	53
New Brunswick	57
Quebec	290
Ontario	150
Manitoba	163
Saskatchewan	80
Alberta	238
British Columbia	141

3. Province	Federal Contribution (1962-63)
Prince Edward Island	$ 978
Nova Scotia	61,355
New Brunswick	106,335
Quebec	954,709
Ontario	620,884
Manitoba	304,551
Saskatchewan	172,895
Alberta	391,285
British Columbia	790,111

Questions

4. Province	Planned Contributions (1963-64)
Prince Edward Island	$ 2,000
Nova Scotia	59,257
New Brunswick	97,000
Quebec	1,000,000
Ontario	644,650
Manitoba	295,780
Saskatchewan	152,360
Alberta	346,675
British Columbia	790,111

5. Province	Estimated Cost
Prince Edward Island	$ 4,000
Nova Scotia	125,000
New Brunswick	194,000
Quebec	2,000,000
Ontario	1,289,300
Manitoba	594,400
Saskatchewan	448,000
Alberta	693,350
British Columbia	1,580,222

JUSTICE DEPARTMENT PROBATION OFFICERS

Question No. 758—**Mr. Orlikow:**

What were the names, locations, lengths of government service, academic qualifications, and case loads of the probation officers employed in the Department of Justice in 1952, 1957, and 1962?

Mr. Davis: The Department of Justice does not employ probation officers. However, field parole officers make arrangements for supervision by after care agencies and/or provincial probation officers. A list of the field parole officers is attached for the years 1952, 1957 and 1962, with the information requested with the exception of that regarding case loads. It is not possible to answer this question as the field parole officers are mostly interviewing parole applicants and making arrangements for the above mentioned after care.

Parole Service Officers (Field) 1952, 1957, 1962

Year	Name	Locale	Qualifications	Govt. Service
1952	Hobden, J. D.	Vancouver	D.D.	1949
	Tremblay, G.	Montreal	B.A.; L.L.B.	1940
	Constantineau, I.	Montreal	R.N.	1948
1957	Cook, F. W.	Vancouver	B.A.; B.S.W.	1947
	Rempel, D.	Winnipeg	B.A.; B.S.W.	1957
	Beames, R. S.	Toronto	B.A.; M.S.W.	1957
	Wallace, R. G.	Toronto	B.A.; M.S.W.	1957
	Edwards, C. A. M.	Kingston	B.A.	1948
	Tremblay, G.	Montreal	B.A.; L.L.B.	1940
	Constantineau, I.	Montreal	R.N.	1948
	Caron, M.	Montreal	B.A.; M.S.W.	1956
	Genest, G.	Montreal	B.A.; M.S.W.	1957
	Rowcliffe, R. G.	Moncton	B.A.	1947
1962	Stevenson, B. K.	Vancouver	B.A.; B.S.W.	1956
	Jones, F.	Vancouver	B.A.; M.S.W.	1960
	Selkirk, J.	Vancouver	Non-professional	1960
	Humphreys, G.	Vancouver	Non-professional	1960
	Howarth, L. D.	Edmonton	B.A.; M.S.W.	1958
	Wallace, R. G.	Prince Albert	B.A.; M.S.W.	1957
	Rempel, D.	Winnipeg	B.A.; M.S.W.	1957
	Gillies, R.	Winnipeg	B.A.; B.S.W.	1960
	Beames, R. S.	Toronto	B.A.; M.S.W.	1957
	Haney, J.	Toronto	Non-professional	1962
	Edwards, C. A. M.	Kingston	B.A.	1948
	Sullivan, J.	Kingston	Non-professional	1948
	Brooks, C.	Kingston	Non-professional	1946
	Hunt, L.	Kingston	Non-professional	1948
	Tremblay, G.	Montreal	B.A.; L.L.B.	1940
	Genest, G.	Montreal	B.A.; M.S.W.	1957
	Trottier, D.	Montreal	Non-professional	1952
	Asselin, P.	Montreal	B.A.; B.S.W.	1960
	Deschênes, J.	Montreal	B.A.; B.S.W.	1962
	Therrien, A.	Montreal	M.A. (Litt.)	1959
	Constantineau, I.	Montreal	R.N.	1948
	Caron, M.	Quebec	B.A.; M.S.W.	1956
	Rowcliffe, R. G.	Moncton	B.A.	1957
	Puddester, R.	Moncton	B.A. (psych.)	1960
	MacDonald, S. M.	Halifax	B.A.; M.S.W.	1961

[Mr. Nicholson.]

INDIAN AFFAIRS WELFARE PAYMENTS

Question No. 764—**Mr. Howard:**

1. What, in detail, is the scale of welfare payments followed by the Indian affairs branch?

2. How does this scale, in detail, and by provinces, compare with the scale of welfare payments in effect in provinces?

Questions

Mr. Munro: 1. See attached table.

2. Provincial relief food scales are attached. However, comparisons are impossible by reason of the differing age group components upon which the various scales are based. Moreover, in one province, allowances for male and female dependants differ.

Indian Affairs Branch Maximum Scales of Relief Food Assistance

	Standard scale	Supplementary relief food allowance scale*			
		Category			
		A	B	C	D
Single adult	$22	$25	$28	$33	$38
Each additional adult or child over 12 years of age	15	17	19	22	26
Each child 12 years of age or under	12	15	16	18	21

(* Based upon food prices in isolated settlements)

Provincial Relief Food Allowance Scales

Newfoundland:

(Regulations under the social assistance act published in the Newfoundland Gazette, January 17, 1962)

1. The following are maximum rates for food for incapacitated persons and for mothers with dependant children (mother's allowances);

Food: husband, $25; wife, $20; each additional member of the family over the age of 16 years, $12; each additional member of the family under the age of 16 years, $10.

2. For persons who are unemployed and do not fall into one of the above categories, aid is given in kind as follows:

Food: first adult, $20; each additional adult, $10; each child over the age of 16 years, $10; each child under the age of 16 years, $8.

Monthly relief allowances (Prince Edward Island) (as at October 31, 1962):

In Prince Edward Island relief is handled by the province. There is no determined rate except that, in practice, the maximum of $75.00 per family, available under mother's allowance, is never exceeded in authorizing relief food assistance.

Monthly relief food allowances (New Brunswick, Nova Scotia, British Columbia) (as at October 31, 1962):

No. of Persons	New Brunswick Amounts	Nova Scotia Amounts	British Columbia Amounts
1	$21.50	$21.50	$34.00
2	34.40	30.10	58.00
3	45.15	38.70	70.00
4	53.75	47.30	82.00
5	62.35	55.90	94.00
6	68.80	62.35	106.00
7	75.25	68.80	118.00
8	81.70	73.10	130.00
9	88.15	77.40	
10	94.60	81.70	
11	101.05	86.00	
12	107.50	90.30	
13	113.95	94.60	
14	120.40	98.90	
15	126.85	103.20	

Monthly relief food allowances (Quebec) (as at October 31, 1962):

Adult outside family, $25; adult in family, $22; child 14 to 18 years of age, $22; child 10 to 14 years of age, $15; child 5 to 10 years of age, $8; child 0 to 5 years of age, $5.

Monthly relief food allowances (Ontario) (as at October 31, 1962):

	Food other than milk	Quarts	Milk*	Vitamin D	Monthly Total
Adult—single, unattached	$22.10	(15)	$3.75	—	$25.85
Adult in family of 2	19.65	(15)	3.75	—	23.40
Adult in family of 3	14.75	(15)	3.75	—	18.50
Child (10-15)	13.65	(22)	5.50	.85	20.00
Child (4-9)	11.20	(22)	5.50	.85	17.55
Child (0-3)	7.75	(26)	6.50	.85	15.10

*Milk—at 25 cents per quart

Questions

Monthly relief food allowances (Manitoba) (as at October 31, 1962).

(a) Food: a single adult or the first adult in family of two beneficiaries, $23; the second adult in a family of two beneficiaries, $20; each adult in a family of more than two beneficiaries, $20; each child 12 to 17 years of age, $21; each child 7 to 11 years of age, $17; each child 4 to 6 years of age, $13; each child from birth to three years of age, $11.

Note: Where the family consists of five or more beneficiaries the following deductions shall be made: For each of the first five persons, $1; for each person over five $2.

N.B.—In remote areas, cost may be increased up to 25 per cent.

Monthly relief food allowances (Saskatchewan) (as at October 31, 1962).

Adults each, $21.50; child, pre-school, each, $12; child, 6-11 years, each, $17; child, 12-15 years, each, $21; child, 16-18 years, each, $23.

(a) adjustments for the following family units:

Unit of 1 person, increase the allowance by $2 per month.

Unit of 2 persons, increase the allowance for the family unit by $1 per month.

Unit of 4 persons, reduce the allowance for the family unit by $5 per month.

Unit of 5 persons, reduce the allowance for the family unit by $8 per month.

Unit of 6 persons, reduce the allowance for the family unit by $11 per month.

For each person over 6 reduce the allowance for the family unit by a further $3 per month.

Monthly relief food allowances (Alberta) (as at October 31, 1962).

	Male	Female
Adult living with others	$23.80	$20.90
Adult living alone	28.60	25.10
Adult living alone—inadequate cooking and refrigeration facilities	31.70	27.85
Married couple	49.20	
Married couple—inadequate cooking and refrigeration facilities	51.40	
Children—0- 3 years	11.40	11.40
4- 6 years	12.55	12.55
7- 9 years	16.70	16.70
10-12 years	17.90	17.90
13-15 years	22.35	21.50
16-18 years	27.20	23.45

Notes: 1. Adult and one child, increase by 10 per cent. 2. Family of three, increase by 10 per cent. 3. Family of four, five or six, calculate according to table. 4. Family of seven or more, deduct 5 per cent.

[Mr. Munro.]

PARKING SPACE, ST. CLAIR AVE., TORONTO

Question No. 773—**Mr. Winkler:**

1. In its recent reallocation of parking spaces available in the regional garage at 25 St. Clair avenue east, Toronto, has the parking accommodation been restricted to only branch heads and those employees whose salary range minimum is $9,000 per annum?

2. If this reallocation has not yet taken effect, will the Minister of Public Works reconsider the department's directive in order to provide for employees of lower salary than $9,000 per annum?

Mr. Badanai: 1. No. Most of the spaces are reserved for government owned vehicles and provision is also made for parking for disabled persons.

2. No. The present situation was caused by a recent increase in the number of parking spaces required for government owned vehicles, and no reallocation is considered practicable at the present time.

BOUNDARY BAY AIRPORT, B.C.

Question No. 781—**Mr. Mather:**

1. What is the condition of available runways and taxiways at Boundary Bay airport, B.C.?

2. Is the airport readily accessible from Vancouver, Richmond and New Westminster by high speed highways?

3. Is this airport close to Canadian and U.S. customs offices at Boundary Bay?

4. Are hangars and tie-down facilities at the airport ready for use?

5. Weather-wise, is the Boundary Bay airport more fog and rain free than others in the lower mainland?

6. Can the Boundary Bay airport be reopened as an airport without moving the Department of National Defence wireless station from that area?

Mr. McIlraith: 1. Poor.

2. Yes.

3. The nearest Canadian and U.S. customs office is near Point Roberts approximately five miles distant.

4. No.

5. Boundary bay has less precipitation and better ceilings but more fog than other airports in the lower mainland.

6. No.

REACTIVATION OF BOUNDARY BAY AIRPORT, B.C.

Question No. 787—**Mr. Prittie:**

Has the government received a brief from the aircraft owners and pilots association of British Columbia concerning the reactivation of the Boundary bay airport, and, if so, is the government giving this brief favourable consideration?

Mr. McIlraith: A brief from the aircraft owners and pilots association of British Columbia concerning the reactivation of the Boundary Bay airport was received on June 27, 1963. This site is owned and operated by the Department of National Defence. Officials of that department have stated that Boundary bay could not be reactivated as

they are unable to find another area acceptable as a replacement for their existing establishment.

PROPOSED GASPE RAILWAY

Question No. 788—**Mr. Fisher:**

1. With reference to the projected Gaspe railway from Ste. Anne des Monts to Matane, does the government consider that it must proceed with its construction despite higher estimated construction costs than originally estimated?

2. If so, will it be necessary to amend the act passed by parliament regarding this railway line?

3. Has the government received any representations, pro or con, on the Gaspe railway since April 8, 1963, and, if so, from whom and, in brief, to what effect?

Mr. McIlraith: 1. and 2. These relate to matters of government policy on which any announcement will be made in the usual appropriate way.

3. Yes. From the municipal corporation of the village of Cap Chat in support of the project and from the trucking association of Quebec in opposition to the project.

POST OFFICE ACCOMMODATION, FORT SMITH, N. W. T.

Question No. 790—**Mr. Rheaume:**

1. Do the 1963-64 estimates contain a provision for the construction of a new post office at Fort Smith, N.W.T. or the enlargement of the existing facilities and, if so, when will this work be started?

2. If not, will the department take steps to look into the immediate need for adequate postal facilities for this community?

Mr. Badanai: 1. No.

2. Yes.

BRIDGEWATER, N.S., DREDGING

Question No. 791—**Mr. Crouse:**

1. Has the Minister of Public Works taken any action to prevent cargo ships having a 21 foot draft from grounding at Bridgewater, Lunenburg county, Nova Scotia?

2. What dredging surveys are contemplated in the LaHave river, especially near the federal government wharf at Bridgewater?

3. What is the amount of the fund that will be made available for additional dredging at Bridgewater?

Mr. Badanai: 1. Consideration is being given to enlarging the turning area at Bridgewater to permit 375 foot vessels drawing 21 feet to turn using the high stages of the tide.

2. Sounding surveys in the LaHave river between Bridgewater and Conquerall bank will be carried out this summer.

3. This cannot be determined at the present time.

NATIONAL DEFENCE TESTING STATION, NICOLET, QUE.

Question No. 792—**Mr. Vincent:**

1. Does the federal government pay the cost of transportation of certain employees of the national defence testing station at Nicolet and, if so (a) what is the cost of this service (b) in what county do those who benefit from these facilities reside (c) for what reasons does the government provide this service?

2. Is the government considering the granting of a special allowance to all the other employees who do not benefit from this service, and in particular to those who reside in the constituency of Nicolet-Yamaska?

3. With regard to hiring and promotions, are the residents of the constituency of Nicolet-Yamaska given preference?

Mr. Cardin: 1. Yes.

(a) Two 35 passenger buses chartered by contracts placed by the Department of Defence Production for transportation of 60 employees from Drummondville to Nicolet and return at $40 per day for each bus. One of these buses is used for transporting employees (27 in number) from main gate to small arms section (within the base) four times daily at an additional $100 per month.

(b) Drummond county.

(c) For the reason that an adequate design for living was required to accommodate the specialists and skilled technicians coming from other centres of population who would be employed at Nicolet. The city of Drummondville was selected as the nearest community of sufficient size and diversity to provide suitable accommodation, schooling and other amenities. No public transportation existed between Drummondville and the proof establishment at Nicolet. Accordingly, free transportation by bus to the proof establishment was provided for those employees who settled in Drummondville.

2. No.

3. Prevailing rate employees are hired through the national employment service, thus local preference would be considered. Promotion of prevailing rate employees is open to employees of the establishment regardless of place of residence. The hiring of classified civil servants is under the control of the civil service commission who by regulations give residence preference as the deciding factor for appointment. The promotion of classified civil servants is open to employees of the establishment regardless of place of residence.

(Translation):

*ANNUAL COST OF CERTAIN POSTAL SERVICES

Question No. 796—**Mr. Ricard:**

As of June 15, 1963, what was the annual cost in the cities of Montreal, Lachine and Ottawa of the following services (a) sub post office collections (b) parcel post deliveries (c) express deliveries (d) mobile mail delivery?

Mr. Denis:

	Montreal	Lachine	Ottawa
(a)	$412,221.66	$32,076.59	$108,335.88
(b)	$770,194.05	$62,616.32	$198,230.70
(c)	$230,231.25	$15,339.60	$ 50,142.90
(d)	None	$13,611.00	$ 1,812.60

Questions

(Text):

CANADIAN DOLLAR EXCHANGE RATE

Question No. 801—**Mr. Valade:**

1. Has the devaluation of the Canadian dollar contributed to the improvement of Canada's trade with other countries?
2. Does the government intend to bring about changes in the rate of exchange of the Canadian dollar?

Mr. Benson: 1. Yes.
2. No.

JET TRAINING CENTRE, PENHOLD, ALTA.

Question No. 808—**Mr. Lambert:**

1. Is there under consideration at the present time a proposal to locate a jet training centre at R.C.A.F. station, Penhold, Alberta?
2. If so, have consultations been held with the Department of Transport to determine whether such a jet training centre for the R.C.A.F. would in any way affect flights by civilian and commercial aircraft along the Edmonton-Calgary flight path?
3. Have any land expropriations taken place with respect to such a new training centre?

Mr. Hellyer: 1, 2 and 3. Yes.

RAILROAD WHARF EXTENSION, SUMMERSIDE, P.E.I.

Question No. 810—**Mr. Macquarrie:**

1. Does the government plan an extension to the railroad wharf in Summerside and, if so, when is it intended to commence construction, and will this extension be ready for this year's potato crop?
2. Will public tenders be called?
3. What is the estimated cost of this extension?

Mr. Badanai: 1. No, not at the present time. 2 and 3. Not applicable.

IMPORTS OF BEET SUGAR MACHINERY

Question No. 811—**Mr. McCutcheon:**

What is the total value of (a) machinery (b) apparatus and parts (c) structural iron and steel, imported for use by sugar factories engaged in beet-sugar manufacture for the years 1958, 1959, 1960, 1961, and 1962?

Mr. Pepin: (a and b) The total value of imports of "sugar manufacturing machinery—machinery and complete parts, of a class not made in Canada, for the construction and equipment of factories for the manufacture of sugar from beet root or for receiving sugar beets" (import class 5570) for the years 1958 to 1962, was as follows:

Year	Value
1958	$ 290,179
1959	620,147
1960	164,859
1961	301,968
1962	352,607

(c) Not separately classified.

VANCOUVER PORT PLANNING COMMITTEE

Question No. 812—**Mr. Mather:**

1. In 1960, did the Department of Transport establish a Vancouver port planning committee and, if so, what was the function of that committee?

[Mr. Denis.]

2. Did the committee report to the Department of Transport and, if so, what action is planned by the department in respect to planning the development of Burrard inlet?

Mr. McIlraith: 1. The Vancouver harbour planning committee was established by the national harbours board on December 3, 1959; its purpose being to review the areas, including land and waterlots, on the foreshores of municipalities bordering the harbour for development of future industrial sites, and for other purposes such as wharves, piers, etc.; to analyse the gravel resources to determine the extent to which present gravel resources would provide fill for contemplated port developments, and to consider the matter of dredging for the deepening and widening of the main channel.

2. The committee, comprised of representatives of the board, the departments of public works, transport, and citizenship and immigration, has submitted its report to the board. This report is of an interdepartmental nature, and is, therefore, a privileged document. However, important proposals submitted by the various organizations have been given extended study, and many of these are finding their way progressively into the estimates of the national harbours board, and others are in the forward planning stage.

WHEAT AND BARLEY SHIPMENTS TO JAPAN

Question No. 814—**Mr. Mather:**

1. What was the total of wheat and barley shipments from Canada to Japan in 1961 and 1962?
2. What are the prospects for increased wheat and barley shipments from Canada to Japan?

Mr. Pepin: 1. Exports of wheat and barley to Japan, 1961 and 1962.

Calendar Year	Wheat	Barley
	——bushels——	
1961	53,472,366	479,201
1962	43,787,303	———

2. Prospects for increased wheat and barley shipments from Canada to Japan appear favourable. The Japanese ministry of agriculture recently estimated that the 1963 wheat crop would be 903,300 tons compared to last year's crop of 1,630,000 tons. The 1963 barley crop was estimated at 501,100 tons compared to 697,000 tons last year. The cause of the decline in production was protracted and excessive rainfall since April. The Canadian wheat board continues to be active in the Japanese market. Two commissioners of the board recently visited the food agency and grain industry officials in Japan and a continuing liaison with this important market is maintained through the Canadian wheat board office in Tokyo.

On the basis of Japanese crop reports the board is hopeful that the quantity of wheat and barley Japan imports on a commercial

basis this coming crop year will increase and the board is confident that Canada will supply a substantial portion of any increased imports.

PRINTING AND DISTRIBUTION OF "HANSARD"

Question No. 817—**Mr. Pigeon:**

1. Is *Hansard* printed in both the English and French languages simultaneously and, if not, will steps be taken to effect this policy?

2. Is *Hansard* prepared for distribution and distributed in both the English and French languages simultaneously and, if not, will steps be taken to effect this policy?

Mr. Dupuis: 1. Yes.

2. Yes.

HARD SURFACING OF ROAD TO AIR STATION, GIMLI, MAN.

Question No. 820—**Mr. Stefanson:**

Did the federal government receive a request from the government of Manitoba to share in the hard surfacing of the road from the town of Gimli to R.C.A.F. station, Gimli, and, if so, in view of the traffic count on this section of the road in comparison with the section leading west from the R.C.A.F. station, what action has been taken on this request?

Mr. Cardin: Yes, in May 1962 the province of Manitoba invited a contribution for rebuilding and surfacing of the Gimli access road but the department was unable to make such a contribution at that time.

POST OFFICE CONSTRUCTION, HODGSON, MAN.

Question No. 821—**Mr. Stefanson:**

Is it the intention of the government to build a post office this year at Hodgson, Manitoba?

Mr. Denis: No.

SALE OF CANADIAN COMPANIES TO FOREIGN OWNERSHIP

Question No. 822—**Mr. Winkler:**

Since April 22, 1963, how many Canadian companies (a) federally incorporated (b) provincially incorporated, have been sold or disposed of in whole or in part to foreign interests or ownership?

Mr. Pepin: Information is not available for period specified.

ARDA—EXPENDITURES ON BLUEBERRY FARM, CHAPLEAU CONSTITUENCY

Question No. 823—**Mr. Laprise:**

Has any amount been expended under ARDA in connection with a blueberry farm at Villebois in the constituency of Chapleau and, if so (a) on what dates were payments made (b) for what purpose were the payments made?

Mr. Beer: The conduct of the work on this project, under the ARDA general agreement, is the responsibility of the province of Quebec. No claims have been made by the province, nor any payments made to date by Canada regarding this project.

GOVERNMENT ANNUITIES ACT

Question No. 824—**Mr. Mather:**

1. When did the Government Annuities Act become effective?

2. What is the purpose of the act?

3. What was the total of annuities in force at January 1, 1963?

4. What is the maximum annuity purchasable by an individual?

5. Is consideration being given to increasing the maximum amount of an annuity?

Mr. Byrne: 1. The Government Annuities Act became effective in 1908.

2. The purpose of the act is to promote habits of thrift, and, by providing facilities for the purpose, to encourage systematic voluntary savings for old age. The preamble to the act reads as follows:

Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision be made for old age; and whereas it is expedient that further facilities be afforded for the attaining of the said objectives.

3. Precise figures as of January 1, 1963, not available. As at March 31, 1963, there were in force 89,616 individual deferred annuity contracts, and 203,742 employees registered under group pension plans. In addition, annuities were being paid under 88,379 matured contracts—total of 381,737 persons covered.

4. $1,200.

5. No.

LABOUR TIME LOST

Question No. 825—**Mr. Mather:**

What was the amount of labour time lost due to (a) strikes in Canada during 1962 and (b) accidents or ill health in Canada during the same period?

Mr. Byrne: (a) There were 311 strikes and lockouts in Canada during 1962. These work stoppages involved 74,332 workers for a total of 1,417,900 man days.

(b) This information is not available.

POST OFFICE CONSTRUCTION, WESTVILLE, N.S.

Question No. 828—**Mr. MacEwan:**

Does the government intend to construct a new post office at Westville, Nova Scotia, during the fiscal year 1963-64 and, if so, when is it expected that tenders will be called?

Mr. Badanai: No. While the present federal building is over 50 years old, it is still functional and satisfactory to the Post Office Department.

Questions

(Translation):

N.H.A. LOANS, CONSTITUENCY OF VILLENEUVE

Question No. 836—**Mr. Caouette:**

What is the total amount of the loans made by C.M.H.C. in the constituency of Villeneuve during the past year, and how many houses was it possible to build as a result of these loans?

Mr. Garland:

C.M.H.C. LOANS APPROVED IN THE CONSTITUENCY OF VILLENEUVE, QUE., 1962

Year	Approved lenders			CMHC			Total—CMHC		
	Loans	Units	Amount	Loans	Units	Amount	Loans	Units	Amount
1962	24	24	$254,010	34	39	$407,532	58	63	$661,542

(Text):

*SUBSIDY ON BUTTERFAT

Question No. 841—**Mr. Muir Lisgar):**

What is the estimated amount that will be paid to the farmers in each of the provinces during the fiscal year 1963-64 as a result of the 14½ cent subsidy per pound of butter fat?

Mr. Beer: The estimated amount that will be paid to farmers in each of the provinces during the fiscal year 1963-64 as a result of the 14½ cent subsidy per pound of butter fat is as follows:

Prince Edward Island	$ 600,000
Nova Scotia	300,000
New Brunswick	700,000
Quebec	16,000,000
Ontario	12,000,000
Manitoba	2,900,000
Saskatchewan	3,000,000
Alberta	4,200,000
British Columbia	300,000

SALE OF OLD POST OFFICE BUILDING, PETROLIA, ONT.

Question No. 849—**Mr. McCutcheon:**

1. Has the government received any offers to purchase the old post office in Petrolia, Ontario?
2. Are any negotiations under way at the present time for sale of the building?
3. Does the government have an asking price and, if so, how much?

Mr. Drury: 1. Yes.

2. Yes.

3. Crown Assets Disposal Corporation proposes to accept the highest offer received amounting to $3,150.

*FEDERAL EMPLOYMENT OF TERENCE A. REID

Question No. 860—**Mr. Matheson:**

1. Is the Terence A. Reid referred to in the Ottawa *Citizen* of July 4, 1963, as "the executive assistant to former forestry minister Martial Asselin" still in the employ of the government of Canada and, if not, when were his services terminated, and for what reason?
2. What was his background and experience prior to employment by the government?

[Mr. Badanai.]

Mr. Nicholson: 1. No. His services were terminated by the government on June 10, 1963. One reason for termination of his services on June 10 was the appointment by me of a new executive assistant on June 7. There were other reasons.

2. Background and experience, Terence A. Reid:

(1) Education: Pickering College, Newmarket, Ont., Matriculation, 1944. University of Wisconsin—journalism, 1 year certificate course 1946-47.

(2) Service: Canadian merchant navy, 1944-45; Canadian army, 1949-52, honourable discharge.

(3) Experience: Prior to 1949, Bank of Nova Scotia, Vancouver. 1952-56: Reid and Associates (public relations), Edmonton, Alta. 1959-62: Executive assistant to Hon. Allan Grossman, chairman, Ontario liquor control board. Information officer with department of highways (Ontario), and assistant to Hon. F. M. Cass, minister of highways. 1962-63: October 1, 1962, executive assistant to Hon. Hugh John Flemming, minister of forestry. March 18 to April 21, 1963, executive assistant to Hon. Martial Asselin, minister of forestry.

QUESTION PASSED AS ORDER FOR RETURN

PUBLIC WORKS EXPENDITURES, PONTIAC-TEMISCAMINGUE CONSTITUENCY

Question No. 362—**Mr. Martineau:**

1. What was the total amount spent in public works for the constituency of Pontiac-Temiscamingue for each of the fiscal years 1958-59, 1959-60, 1960-61, 1961-62, and 1962-63?
2. For what public works were these sums expended, giving for each fiscal year the amount spent on each individual project?
3. What is the total amount to be spent for public works within the said constituency for the fiscal year 1963-64, giving for each project the nature of same and the sum to be spent thereupon?

LABOUR RELATIONS

NORRIS COMMISSION—INQUIRY AS TO REPORT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to direct a question to the Minister of Labour and ask him if he has anything to advise the house with regard to the prospective date upon which the report of Mr. Justice Norris with regard to union activities may be received.

Hon. A. J. MacEachen (Minister of Labour): On several occasions I have indicated to the house that I expected to receive the report within a short time. My forecasts proved to be inaccurate. However, I do expect that this report will be available next week, and I hope this forecast will prove accurate.

BROADCASTING

REQUEST FOR SETTING UP OF SPECIAL COMMITTEE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to address a question to the Acting Prime Minister. In view of the importance which broadcasting has assumed in our national life, will the government give favourable consideration to setting up at this session of parliament a special select committee of the House of Commons on broadcasting?

Hon. Lionel Chevrier (Acting Prime Minister): I am grateful to the hon. member for having sent me notice of this question. I am sure that he, as well as other hon. members will realize that this is a question of great importance, and I would not like to reply to it without consultation with the Prime Minister.

(Translation):

PUBLIC SERVICE

BILINGUAL EMPLOYEES, TRADE AND COMMERCE DEPARTMENT

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, may I direct a question to the Acting Prime Minister? Following the information given last Friday by the Minister of Trade and Commerce, to the effect that there are in his department 319 French Canadian employees out of a total of 3,690, can the Acting Prime Minister tell us if he feels that is enough to enable the French Canadians to become interested and take part in the administration of public affairs?

(Text):

Hon. Mitchell Sharp (Minister of Trade and Commerce): I shall not attempt to answer the question asked by the hon. member, but I would draw his attention to the correction I made in *Hansard* on Friday, reported at page 1905.

(Translation):

[*Later:*]

Mr. Gregoire: Mr. Speaker, may I ask a supplementary question? I find, on the said page, that there are 318 employees out of a total of 1,860. When the figures are corrected the ratio is 15 per cent; therefore, I want to ask the same question of the Acting Prime Minister. Does he feel that it is an adequate proportion to enable the French Canadians to take part in public affairs and to become really interested?

(Text):

Mr. Speaker: I recognize the great importance of the question but not its extreme urgency. May I suggest to the hon. member that he put his question on the order paper.

(Translation):

Mr. Gregoire: Mr. Speaker, I have already put questions on the order paper but they remain unanswered.

HOUSE OF COMMONS

REPORTED STATEMENT BY PRESIDENT OF PRIVY COUNCIL

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I would like to ask the Acting Prime Minister a question. It has to do with yesterday's statement by the President of the Privy Council. The latter stated that the delays noted during this session apparently prevented the government from submitting legislation with regard to loans to municipalities. I am now asking the Acting Prime Minister whether we should infer that, as a concession to Mr. Lesage, the government agreed not to introduce the municipal aid bill during the current session, but to wait until after the interprovincial conference scheduled for August in Halifax?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I would think that the question asked by the hon. member for Three Rivers concerns a televised statement. I did not hear the minister's speech and I should consult him before replying. At any rate, I think that what he implied—i.e. that more frequent consultations with the provinces were necessary—if that is the meaning of that statement—is quite commendable.

Mr. Balcer: Mr. Speaker, may I ask the President of the Privy Council the same question, inasmuch as he is the one who made that statement? Could he tell us

whether the government agreed to Mr. Lesage's suggestion to defer discussing the legislation.

Hon. Maurice Lamontagne (President of the Privy Council): Mr. Speaker, I would just like to say to my hon. friend that if he is patient for a few more days, he will receive a very clear answer to his question.

Mr. Balcer: Mr. Speaker, I am asking the minister whether he made this statement or not?

Mr. Lamontagne: Which one, Mr. Speaker?

Mr. Balcer: The statement I just read out.

(Text):

Mr. Speaker: Order, please. We are getting into certain qualifications with regard to debating a question.

Mr. Pigeon: A question of order, Mr. Speaker.

Some hon. Members: Oh, oh.

(Translation):

[*Later:*]

Mr. L.-J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I rise on a point of order. In my opinion, the question of the hon. member for Three Rivers is very clear and, moreover, Mr. Lesage has not yet received a reply to the letter he sent several days ago.

(Text):

Mr. Speaker: Order. The hon. member knows the minister may or may not wish to answer.

(Translation):

DOMINION-PROVINCIAL RELATIONS

MEETING BETWEEN PRIME MINISTER AND PREMIER OF QUEBEC

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. As the newspapers reported a few weeks ago that Mr. Lesage was to meet the Prime Minister (Mr. Pearson) some time soon, can the Acting Prime Minister tell us whether the meeting has been put off because of the refusal of the Prime Minister to postpone the study of the proposal concerning assistance to municipalities, the refusal of the Minister of Finance to withdraw his 11 per cent tax on building materials and the refusal of the federal government to defer the legislation concerning pensions?

(Text):

Mr. Speaker: Order. The question is completely out of order.

BUSINESS OF THE HOUSE

CANADA ELECTIONS ACT—REQUEST FOR EARLY REFERENCE TO COMMITTEE

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I do not know whether my question should be addressed to the Acting Prime Minister or to the Secretary of State. However, I think I would choose the Secretary of State. In the light of the fact that the speech from the throne proposed that the standing committee on privileges and elections review the Canada Elections Act, and in view of the fact that this committee has now been constituted, is it proposed to make a motion referring this matter to the committee at an early date?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I received the hon. gentleman's notice of his question at the moment I was revising a draft of a motion to put on the order paper today precisely for that purpose. If I could have unanimous agreement to take it up at the opening of the day tomorrow and be assured that it would go through without debate, I would be only too happy to get the committee started tomorrow, because the matter is urgent.

LABOUR CONDITIONS

GREAT LAKES—INQUIRY AS TO RECONVENING OF MEETING

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Minister of Labour and ask him whether, in view of the meeting held on Friday, May 24 in Washington between himself and the United States secretary of labour, with Mr. Jodoin and Mr. Meany also present, when it was decided that another meeting might be convened to delve into the great lakes labour dispute, the minister could tell us now if such a meeting has been found necessary.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, in reply to the question asked by my hon. friend I should like to tell him that last week I had the chance to meet the secretary of labour, Mr. Wirtz, in Chicago, and at that time we reviewed the continuing difficult situation. It was agreed that following the delivery of the Norris report we would consider the possibility of convening the meeting which recessed on the date mentioned by my hon. friend.

(Translation):

FEDERAL CONTRIBUTION TOWARD WAGES OF OLDER UNEMPLOYED

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Labour. Has the minister received any application in connection with the government's announcement that it would pay up to 50 per cent of the salary of people of 45 and over who have been out of work for six months during the past nine months? Has any Canadian employer submitted an application in that respect?

(Text):

Hon. A. J. MacEachen (Minister of Labour): I have received no applications directly. I do not believe the Department of Labour has received applications, but I will make inquiries.

POWER

COLUMBIA RIVER—OPPORTUNITY FOR REPRESENTATIONS ON TREATY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question of current and consequential national importance to the Acting Prime Minister. Has the Acting Prime Minister received a telegram from the secretary of the Columbia river conference held in the Hotel Vancouver on June 26—this was a conference of numerous trade unions—urging the government to make it possible for Canadians who so desire to present their views on the Columbia river development to a parliamentary committee before renegotiations commence with the government of the United States? If so, would the Acting Prime Minister inform the house of his response to this request?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, this telegram has just been brought to my attention. It is signed by two individuals who have given no address, and the office of the Prime Minister is trying to locate the address in order to prepare a suitable reply.

Mr. Herridge: I am willing to assist.

Mr. Chevrier: If the hon. member will send me their address it may be that we can submit a reply, but I should not like to give the reply until such time as I have had the opportunity of discussing it with the Prime Minister.

GRAIN

SASKATCHEWAN—CANCELLATION OF SHIPPING ORDERS FROM COUNTRY ELEVATORS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I wish to address a question to the Minister of Trade and Commerce arising out of the order effective today cancelling shipping orders for wheat from a large number of country elevators in Saskatchewan. I realize that this action may help to put other elevators on a 12 bushel quota, but does it also indicate that elevators denied shipping orders will be left with their bins full of wheat when harvesting of the new crop starts next month? Does this mean that with a record harvest in prospect farmers will have to farm store their wheat—

Some hon. Members: Order.

Mr. Pascoe: —by building more granaries on which they will have to pay the 11 per cent sales tax on building materials imposed by the government?

Mr. Speaker: Surely that is a question for the order paper.

Mr. Pascoe: This question concerns an order effective today, with all respect.

An hon. Member: It is urgent, very urgent.

(Translation):

LOTTERIES

INQUIRY AS TO AMENDMENT OF CRIMINAL CODE

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct a question to the Minister of Justice. Since the session is now several weeks old, has the minister found time to examine the voluminous file on lotteries? Could he tell the house whether the government has decided to amend the Criminal Code to enable the provinces which would like to have lotteries, to hold them?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, I have indeed examined the voluminous file on lotteries of which my hon. friend is speaking about and I noticed that during the six years that the hon. member's party was in power, it did not take any decision on that issue. I hope it will be possible for me to make certain representations in due time.

Mr. Pigeon: Mr. Speaker, may I ask a supplementary question? During the last election campaign, the hon. member for Dollard (Mr. Rouleau) promised, on behalf of his party, that should the latter come to power, the

Criminal Code would be amended, does the hon. member for Dollard—

Mr. Speaker: Order, order.

WORLD FAIR

INQUIRY AS TO FINAL CHOICE OF SITE

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, as the Minister of Public Works said last week that any statement concerning the world fair would be made to this house rather than to the press I wonder if, because of the week-end events, the minister might follow up the news published by the press with an announcement directed to the House of Commons?

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, circumstances have not allowed us to postpone until today that announcement which was made inside the parliament buildings last Saturday, and which was broadcast on television and published in Canadian newspapers.

On the other hand, if the hon. member is not quite familiar with the situation, I shall be pleased to supply him with detailed information.

He remembers no doubt that we received only on Thursday and Friday, June 27 and 28, 1963, the reports from the engineers of the city of Montreal, as well as the official request from the Montreal authorities to proceed with the work. This means that we were able to study the voluminous reports within a week and to arrive at a decision, which was no easy task. That is why we had arranged to meet with the parties concerned in Montreal on Saturday, July 6.

Following the statement of the mayor of Montreal that, in his opinion, such a meeting would serve no useful purpose, we decided that this meeting was not only useful but also urgent, and I feel that the events justified our position in that respect.

Therefore, we invited the mayor of Montreal to come to Ottawa on Friday, July 5, with his engineers, and he complied with our request. The engineers discussed some of the difficulties among themselves and, at the end of those meetings, we found out that we could come to an understanding.

The hon. member gives me an opportunity at this stage to say that we succeeded on two very important points.

First, our engineers had opposed the construction of a breakwater as suggested by the authorities of the city of Montreal, because they thought that such works were not adequate to withstand the pressure exerted by the ice in the Laprairie basin. And since that construction was necessary to prevent flooding in the Montreal harbour, the federal government judged proper to assume the responsibility of the construction of a breakwater of the type and nature suggested by our engineers.

The second important point we won and which was not mentioned in the city of Montreal engineers' report, is the fact that the engineers from four departments of the federal government, namely the public works department, the transport department, the St. Lawrence seaway authority, and the national harbours board, will assist the engineers of the city of Montreal and, if necessary, will revise their plans, exactly as was done with much success for the development of the St. Lawrence seaway.

I hope that my hon. friends of the official opposition will share our satisfaction to see that this world exhibition has now been launched and that it will be a great success, not only for the city of Montreal, but for the country as a whole because that venture is of interest to the whole country.

Mr. Speaker, before resuming my seat, let me tell my hon. friends that the events have shown that this meeting was not only useful but also urgent.

Mr. Pigeon: Mr. Speaker, I should like to ask a supplementary question. Could the minister tell us why Mr. Bienvenu did not attend this meeting?

Mr. Deschatelets: I had invited the provincial secretary, Mr. Gerard Levesque, as well as Mr. Bienvenu and Mr. Carsley to the meeting which was to be held in Montreal on Saturday and was convened for the purpose of trying to assess the difficulties facing the two engineering groups. At the end of the Friday meeting, we found that an agreement could be reached and I can say to my hon. friends that the provincial minister and Mr. Bienvenu have been informed of what took place on Friday and Saturday. I do hope that they will be as pleased as we are with the results achieved.

(Text):

COMMUNICATIONS

REQUEST FOR INQUIRY INTO CONTROL OF NEWS GATHERING AND DISSEMINATING MEDIA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Acting Prime Minister. In view of the increasing concentration of the control of news

gathering and news disseminating media, will the government give favourable consideration to the establishment of a royal commission to investigate where this control lies and whether it is being exercised in the public interest?

Hon. Lionel Chevrier (Acting Prime Minister): Mr. Speaker, I am grateful to the hon. member for having sent me notice of this question but I must say in response, as I said in reply to his earlier question, that this is a matter about which I would have to consult the Prime Minister. Royal commissions are established on his recommendation, and I cannot give a reply until I have discussed the matter with him.

FINANCE

APPLICATION OF SALES TAX TO TRUCK AND VAN BODIES

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I have a question for the Minister of Finance. Will the government in its revamping of the budget take into due consideration the taxation of components and building materials used by manufacturers building truck and van bodies, in order that this important Canadian industry may maintain its present national and continental competitive position?

Hon. Walter L. Gordon (Minister of Finance): Yes, Mr. Speaker.

INQUIRY AS TO EMPLOYMENT OF OUTSIDE ASSISTANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre:) Mr. Speaker, may I direct a question to the Minister of Finance. Can he say whether Mr. Stanley, Dr. O'Connell and Mr. Conway are still attached in any way to the Department of Finance?

Hon. Walter L. Gordon (Minister of Finance): No, Mr. Speaker. I should perhaps add that Mr. Conway is working for the royal commission on taxation.

CONSTITUTIONALITY OF FURTHER BUDGETARY STATEMENT

On the orders of the day:

Hon. Paul Martineau (Pontiac-Temiscamingue): I wonder if I may be permitted a question of an anticipatory nature to the Secretary of State in his capacity as house leader. In view of the fact that the Minister of Finance will be making a statement this evening of a budgetary nature, can he tell us whether he has investigated the constitutional aspects of the proposed statement in order to assure us that the statement contains no affront to parliament which has already voted on the original budget proposals and which has not authorized or been consulted in regard to any deviation therefrom.

Hon. J. W. Pickersgill (Secretary of State): All I can say is there was an order of the house made by unanimous consent to permit this, and I presume that the house having made a decision, no hon. member can open that decision again.

Mr. Martineau: May I ask a supplementary question. My question does not deal with permission to make the statement; it deals with the constitutional and legal aspects. I want to know if the minister can give any assurance that there will be no affront to parliament in the statement.

Mr. Pickersgill: I believe it is a rule of this house that a point of order must be raised at the time something occurs, and not in anticipation. The hon. gentleman will simply have to wait and see whether in his opinion there is anything that he wants to call into question.

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES FOR CERTAIN CLASSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. My question relates to the pay increases that have not yet been received by postmen and other employees in the public service, and employees of the House of Commons. My question is very simple. When, oh when will these pay increases come through?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I was working on that problem this morning and I expect the cabinet will be working on it during the week. I am not in a position to give an exact date when an announcement will be made.

OLD AGE SECURITY

INQUIRY AS TO TARGET DATE FOR INCREASED PAYMENTS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. In view of the conflicting reports now prevalent throughout the country, can the minister

advise the house what the target date is for the $10 increase to old age pensioners as promised in the last election?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): Mr. Speaker, this being a matter of government policy my friend will appreciate that it will be announced at the instance of the government when it is decided that the announcement should be made public.

(Translation):

UNEMPLOYMENT INSURANCE

EXTENSION OF BENEFITS TO WORKERS IN U.S.

On the orders of the day:

Mr. Henri Latullipe (Compton-Frontenac): Mr. Speaker, I should like to direct a question to the Minister of Labour.

Could the minister tell the house at what stage are the negotiations respecting Canadians working in the states of Maine and Vermont, in the United States? We should like to know if they will soon benefit from unemployment insurance in Canada?

(Text):

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I think my hon. friend realizes that these negotiations between Canada and the state of Maine with respect to unemployment insurance benefits for a certain category of Canadian workmen have been going on for about 20 years. I have looked into this matter and have found that negotiations still prove to be difficult, but we are now considering whether there may be another way that can be advanced to resolve the problem and thereby bring these benefits to this class of Canadian workers.

HOUSING

APPLICATION OF BONUS TO VETERANS LAND ACT HOUSES

On the orders of the day:

Mr. D. W. Groos (Victoria, B.C.): Mr. Speaker, I have a question for the Minister of Veterans Affairs. Will the $500 payment on houses built during the winter months, which was announced by the Minister of Labour on June 10, apply to homes built under the terms of the Veterans Land Act?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I want to thank the hon. member for sending me a copy of his question.

An hon. Member: A staged question.

Mr. Teillet: You know about stages. I am pleased to inform the hon. member and the house that homes built under the Veterans Land Act do qualify for the $500 winter bonus when their construction conforms to the requirements of the program.

Mr. Martin (Timmins): Can the minister inform the house if the 11 per cent tax also applies to veterans houses?

FISHERIES

INVITATION TO INDUSTRY REPRESENTATIVES TO ATTEND PROPOSED CONFERENCE

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question I should like to direct to the Minister of Fisheries. A week or so ago the minister announced his intention of convening a federal-provincial conference on fishing industry welfare. At that time he said he was not sure or he did not know whether representatives of the industry, aside from the governments, would be invited to participate. My question today is, can the minister say whether these representatives will be invited as well as the representatives of the governments concerned?

Hon. H. J. Robichaud (Minister of Fisheries): In reply to the hon. member, Mr. Speaker, I wish to repeat what I said on a previous occasion. No decision has been reached concerning inviting representatives of the fishing industry to the federal-provincial conference. This matter will be decided later on, as the meeting will not be called before late fall or early in the new year.

(Translation):

POST OFFICE DEPARTMENT

INQUIRY AS TO STEPS TO PREVENT ROBBERIES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to direct to the Postmaster General a question he was fond of asking when he sat in the opposition.

What steps does the minister intend to take to prevent huge robberies such as the one which took place in Ascot Corner, where $40,000 were stolen from a mail truck?

Hon. Azellus Denis (Postmaster General): Mr. Speaker, I must say the present government has not yet succeeded in convincing bandits to change the habits they acquired under the previous regime.

The moment I was informed of that armed robbery, I instructed the postal authorities to get in touch with the banks in order to find out how to transport cash in mail trucks, which used to tempt bandits in the past as it did this first time under the present regime. So, the postal authorities are in touch with

the banks to try and find a way, if possible, to put a stop to those armed robberies, something which the previous administration was unable to do.

(Text):

NATIONAL MUSEUM

REQUEST FOR ENGLISH TRANSLATION OF SCIENTIFIC ARTICLES IN FRENCH

On the orders of the day:

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): On Friday, Mr. Speaker, the hon. member for Skeena asked me about articles in the French language in a publication of the national museum of Canada. I can assure the hon. member that as an aid to scientific reference and cataloguing, museum publications will in future include abstracts of scientific articles in the other official language. This could not be done with "Contributions to Anthropology 1960", but the practice will be followed in the future.

ADMINISTRATION OF JUSTICE

STATEMENT ON DISMISSAL OF MEMBER OF R.C.A.F. AS SECURITY RISK

On the orders of the day:

Hon. Lionel Chevrier (Minister of Justice): The hon. member for Burnaby-Coquitlam asked me a question, as reported on pages 590 and 591 of *Hansard* for June 3, 1963, concerning the discharge of a young man from the R.C.A.F. on the grounds he is a bad security risk. I have the answer here. It is fairly lengthy, and I wonder if I could obtain permission of the house to table the answer and have it appear in *Hansard.*

Some hon. Members: Agreed.

[*Editor's note: text of the answer referred to is as follows:*]

I would like at this time to make reference to the matter raised by the hon. member for Burnaby-Coquitlam and recorded on pages 590-91 of *Hansard* for June 3, 1963, concerning the discharge of a young man from the R.C.A.F. on the grounds that he was a bad security risk.

2. In view of the periodic reviews to which this matter has been subjected, I feel sure that this is the case to which he refers.

3. On May 7, 1948, the R.C.M.P. were requested by the R.C.A.F. to conduct a security check on this young man, who was being considered for secret duties with the air force. Again, on December 6, 1949, they were requested to conduct an S.A. clearance on behalf of the N.R.C., with whom this young man had applied for a position, whilst still employed in the R.C.A.F.

4. The type of security clearance required in the second case, called for a high level field investigation.

5. Field investigation of this subject revealed that a communist organizational meeting had been held on his father's farm in 1937. Subsequently, however, after representation had been made on this young man's behalf, additional information came to light which corroborated the original findings in this case.

6. In 1950, as a result of representations made on this man's behalf, the superior of the college from which the young man had been expelled informed the R.C.M.P. that in 1936 he had had occasion to recommend the young man for summer employment. This recommendation resulted in the superior being censored by a minister of the Saskatchewan government, who produced a newspaper clipping which reported that the young man had chaired a communist meeting in Regina the previous night. The young man, when summoned by the superior, to explain the report, admitted among other things that the report was true. Expulsion followed.

7. In addition, the young man involved then corresponded through the hon. member for Burnaby-Coquitlam with Hon. Stuart Garson. In his statement to the minister of justice the airman admitted "youthful indiscretions" at the age of 18 and approximately 20, and went so far as to identify three men who had visited his home as "farm union organizers". The men he identified were well known as prominent communists of that day, two of whom are currently active in the communist party of Canada. The first man was provincial secretary of the communist party in Saskatchewan, the second was also a member of the provincial committee of the communist party of Canada in Saskatchewan, whilst the third was a member of the Regina district committee of the communist party of Canada in Saskatchewan.

8. The hon. member for Burnaby-Coquitlam, in correspondence with Hon. Brooke Claxton, minister of national defence in 1950, stated that the young man had been duped into attending a three day conference in Regina, Saskatchewan, in 1937 of a communist front organization known as the league for Spanish democracy and that his name had subsequently got on the mailing list of this organization, causing him to receive literature and further invitations. This information was unknown to the R.C.M.P. at the time and was volunteered by Mr. Douglas.

9. Again in 1950, in correspondence with Hon. Stuart Garson, the hon. member for

Burnaby-Coquitlam stated that the young man had been duped into attending some communist meetings in 1937 and 1938, under the pretence they were going to help the loyalist government in Spain.

10. With the investigation continuing, the superior of the young man's ex college was again interviewed and he reported that the hon. member for Burnaby-Coquitlam had informed him that he had personally interviewed the young man and had demanded of him why he had not mentioned his association with a particular man and the recruiting of persons for the Spanish civil war.

11. The man referred to was a well known self admitted communist, and head of the communist "Friends of MacKenzie-Papineau Battalion" and section organizer of the communist party of Canada, Shaunavon district.

12. The hon. member for Burnaby-Coquitlam has also made reference in the house to a photostatic copy of a letter which he possesses dispatched to the then minister of justice by the reverend father in charge of the school. I too am in possession of such a copy, and if my hon. friend will refer back to the letter he will discover that while pleading for the government to reinstate this man in the R.C.A.F., the reverend father includes the sentence "not in his old post of course".

13. My hon. friend has alleged that the R.C.M.P. in this instance have confused communist activities with legitimate C.C.F. activities, and that as a result of their having misconstrued this information the young man has lost employment three times, his employer being informed inside of a month that this man is a bad security risk, and has been reduced to selling door to door in order to earn a living, meanwhile nursing an ulcer from worry and tension.

14. However, according to our information the young man was not expelled from his college for C.C.F. activities, although two other students were expelled for this reason a year earlier, and the cases may have become confused. Again, the young man far from being hounded from job to job and being forced to sell from door to door has been apparently happily employed for the past 11 years with a provincial government. Finally, the principal of the college has not, as alleged by my hon. friend, cleared this man completely, but maintains his original stand.

15. In summarizing governmental action in this matter, I must stress that the representations made on this young man's behalf have previously been considered by Hon. Brooke Claxton and by the Hon. Stuart Garson, while Mr. M. J. Coldwell acting on behalf of the hon. member for Burnaby-Coquitlam has seen a summary of the information on file. In addition, the hon. gentleman who has raised this matter will recall, I'm sure, participating in a conference with ex-commissioner S. T. Wood and justice minister Garson on this subject.

16. It will be seen therefore that this matter has received a great deal of attention over the years, based upon the representation of the hon. member for Burnaby-Coquitlam.

17. This is a case where information as known to the R.C.M.P. was passed to the R.C.A.F. and N.R.C. who decided to take certain action. In the periodic reviews, additional information has been gathered to support that originally supplied. The information indicates that this is not a case of mixing up communist activities with legitimate C.C.F. activities, as alleged by the hon. member.

18. Under all these circumstances I do not feel that the question of security risk in this case could have been resolved in any other way except in favour of the government.

19. I hope that once and for all we can close this case and accept the word of the young man himself, who it is alleged does not want to become a "cause" and who wishes to remain happily in the job where he has been employed for 11 years. Any more publicity in this matter, instead of assisting the young man to settle down, could possibly disrupt the career which he has made for himself, since being discharged from the R.C.A.F. some 13 years ago,

20. Finally I should like to say that this case has been exhaustively reviewed on a number of occasions by at least two former ministers of justice. We all share the objection of the hon. member to the thought of injustice in any such case and are seeking all possible ways to avoid it, but I am satisfied there was no injustice in this case, having regard to the legitimate interests of security. Under these circumstances I feel the matter should now be considered closed.

NATIONAL DEFENCE

REPORTED REQUEST OF FRENCH GOVERNMENT FOR REMOVAL OF CANADIAN PLANES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Will the Minister of National Defence inform the house whether the French government has requested that Canadian planes be removed from French soil in the event that they are equipped with nuclear weapons?

Hon. Paul Hellyer (Minister of National Defence): I should like to answer the question my hon. friend has put, of which he gave me notice, but I cannot because it is hypothetical.

Mr. Douglas: May I ask a supplementary question. Has the French government asked the Canadian government to remove Canadian planes from French soil?

Mr. Hellyer: No, Mr. Speaker.

CANADIAN NATIONAL RAILWAYS

STATEMENT ON STEPS TO PREVENT POSSIBLE STRIKE

Hon. A. J. MacEachen (Minister of Labour): On Friday last the hon. member for Burnaby-Coquitlam asked me a question in connection with a situation prevailing between Canadian National Railways and the brotherhood of railway trainmen. I should like to deal with that question and tell the hon. member that I am advised that if the Canadian National Railways is considered to have unilaterally altered conditions of employment during the lifetime of an existing agreement, and such alteration of conditions is regarded as a breach of the agreement, then the question should be submitted to arbitration as provided under the governing collective agreement. Otherwise an employer is free to alter working conditions except where a notice to bargain has been served pursuant to section 14 or 15 of the Industrial Relations and Disputes Investigation Act and pending the completion of conciliation board proceedings. I may add, however, that this latter condition does not apply to the situation referred to by the hon. member.

NORTHWEST TERRITORIES ACT

AMENDMENTS RESPECTING COUNCIL MEMBERSHIP, NAMES OF TERRITORIES, ETC.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Northwest Territories Act and to rename the said territories, and to effect certain consequential changes in the statute law with respect thereto, *inter alia* to increase the number of elected members of the council of the territory from four to five, to establish a separate territorial revenue fund and to provide for the transfer thereto of a portion of the amount standing to the credit of the Northwest Territories revenue account in the consolidated revenue fund upon the coming into force of the said measure.

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

Mr. Laing: Mr. Chairman, in rising to introduce this resolution on the amendments to the Northwest Territories Act I hope you will not find me out of order if I also refer in passing to the resolution respecting the establishment of Nunassiaq territory, which stands as No. 7 on the order paper. As hon. members will understand, the two measures are very closely interrelated and they contemplate the division of the present Northwest Territories to make two new territories, the one on the west to be called Mackenzie, and the one on the east and far north to be called Nunassiaq.

At this point I would like to warn those who from time to time have indicated that they would prefer another name, that the name Nunassiaq was selected by the residents of that area, and it is the Eskimo name for "Beautiful Land."

On the mainland the dividing line between the territories will be the 105th meridian, which is roughly two thirds of the way from the Yukon boundary to Hudson bay. Mackenzie territory will also include Banks and Victoria islands, which are closely associated with the western mainland. The other islands of the Canadian Arctic will form part of Nunassiaq.

The legislation also provides for an elected majority on the council of Mackenzie territory, and for other changes which will have the effect of increasing the control exercised by the people of the present Mackenzie district over their own affairs.

We will later be considering the Nunassiaq resolution and bill, and at this stage I would only say that the legislation for Nunassiaq also contemplates increased local participation in government in accordance with the circumstances of that area.

In order to put this legislation in perspective I think it would be useful for me to review very briefly the history of territorial government in Canada. Almost since confederation the federal government has had to provide for the administration of very large areas on our frontiers. Although perhaps it is not generally recognized, we in Canada have a good deal of experience and have established our own practice in dealing with these questions. Various experiments have been tried over the years since 1869; some have been more successful than others. From the beginning, however, three fields consistently reappear.

The first thing is the recognition of a federal responsibility for these areas of great expanse and small population. The federal government has always accepted the role of a trustee, both for the people of all Canada who own the land and resources, and for the future residents of these areas, who will take over responsibility for them when the population has grown to the point where even provincial status can be contemplated.

The second thing has been a steady devolution of authority to local or territorial agencies as the population grows and substantial, settled communities develop. This

pattern can be seen in the old North-West Territories after 1875, in the Yukon Territory early in this century, and in the present Northwest Territories over the past 15 years.

Finally it has been accepted that the forms of government should, as far as possible, accord with that British constitutional practice which is represented in our own parliament and government. In the present Northwest Territories, as in the old North-West Territories, there has been an attempt to recognize interdependence of the executive and the legislature. The amendments to the Yukon Act, which were passed in this house just three years ago, also reflect this accepted tradition.

The present Northwest Territories are what was left over from the old North-West Territories when the provinces of Alberta and Saskatchewan were established in 1905 and the provinces of Manitoba, Ontario and Quebec were enlarged to their present size in 1912.

The first large influx of population into the territories did not occur until gold was discovered at Yellowknife in the 1930's. In Yellowknife there was apparently some considerable and understandable dissatisfaction with the Ottawa council, but the war intervened and no changes were made at that time.

Developments after the war were reflected by substantial changes in the membership of the Northwest Territories council and in its activities. The first resident of the Northwest Territories was appointed to the council in 1946, and in 1951 the interests of people living in the territories were recognized when federal legislation provided for the election of three representatives from constituencies in the Mackenzie district. In 1954 the number of elected members was raised to four, continuing to provide representation for all the district of Mackenzie, but not for Keewatin or Franklin.

Many hon. members will be aware of the increasing activity of the Northwest Territories council since that time. The legislative fabric of the territories has been largely overhauled. Revised ordinances of the territories were published in 1956 to bring up to date the old body of laws which had been inherited from the North-West Territories of 1905. A conscious effort has been made, and today is substantially complete, to put the legislative, financial and administrative arrangements for government of the territories on a basis that would lend itself over the years to a smooth evolution toward provincial status. The present bill is a further step in that evolution.

The present legislation reflects a formal resolution of the Northwest Territories council which carries the support both of elected and appointed members. The resolution was forwarded to the federal government following the council session in January 1962, and was accepted in principle by the government of that time.

With the consent of the committee, Mr. Chairman, I would like to table the resolution, since the legislation before us is designed to reflect the recommendations contained in it. I suggest that this resolution is so important to the matter we are discussing that I would like to have the consent of the house to have it printed in *Hansard*.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

[*Editor's note: The resolution above referred to is as follows:*]

RESOLUTION CONCERNING THE ESTABLISHMENT OF NEW TERRITORIES IN THE NORTH

Whereas the construction and improvement of transportation facilities and increasing activity in the exploration for and development of mineral and petroleum resources in the Northwest Territories are bringing about rapid growth and change especially in the western portion of the district of Mackenzie;

And whereas such development and growth is likely to continue, probably at an accelerated pace in future years, bringing with it a larger population and the development of new towns and communities;

And whereas it is increasingly desirable, in the light of these conditions, to have a territorial government and administration in closer touch with the area and its people so that it may be more responsive to the needs of the changing situation;

And whereas in past years the achievement of a closer relationship of the government to the regions and the people of the north has necessarily been made difficult by the great size of the Northwest Territories and a close relationship is especially important because of the diversity of conditions within the area, which must be considered by a territorial government and reflected in legislation, policy and administration;

And whereas there would continue to be a problem in achieving a sufficiently close relationship if there were only a single territorial government for the entire area;

And whereas the western region of the territories is a natural economic and social entity, which is now capable of more rapid development towards responsible government than the eastern and far northern regions;

And whereas laws and policies which are necessary or desirable in some parts of the territories may be inappropriate for other parts;

And whereas the council of the Northwest Territories, after extensive consideration of these questions, has reached the conclusion that the good government of the territories would be facilitated, and the interests of the residents advanced, by certain changes;

Therefore, the council of the Northwest Territories resolves that the commissioner request the Minister of Northern Affairs and National Resources to recommend to the government of Canada that legislation be placed before the parliament of Canada to establish two new territories to replace the present Northwest Territories;

And further that, in the preparation of the legislation, the government of Canada be requested

to consider the recommendations of the council on the boundaries, form of government, and other matters respecting the two new territories, as follows:

A. With respect to both new territories:

(1) that one of the new territories, to be called the territory of Mackenzie, should comprise that part of the mainland of the present Northwest Territories and associated islands lying west of the 105th meridian of longitude, together with Banks and Victoria islands, and that the other territory should comprise the remainder of the Northwest Territories;

(2) that there should be provision for a commissioner and council for each of the new territories, with powers and responsibilities essentially similar to the present powers and responsibilities of the commissioner and council of the Northwest Territories;

(3) that as in the immediate future neither territory will be able to meet the costs of government entirely from local taxation, appropriate financial arrangements should be made on the pattern established by the financial agreement recently approved by the governments of Canada and the Northwest Territories;

(4) that, in order to provide adequate time for the orderly transfer of business and for legal, administrative and other measures necessary for the two territories and for the establishment of new constituencies in the territory of Mackenzie, the federal legislation should be timed to enable the new territories to come into existence during 1964.

B. With respect to Mackenzie territory:

(1) that the council should consist of nine members of whom initially five should be residents of the territory elected by the residents of the territory, and four should be non-residents appointed by his excellency the governor general in council to provide experience and knowledge of administration, business and other affairs that may not be readily available within the territory;

(2) that the seat of government should be within the territory, and that the commissioner should be resident there.

C. With respect to the other new territory:

(1) that a name of Eskimo origin should, if possible, be chosen, for which the council of the Northwest Territories hopes to be able to make a recommendation following its next meeting at Cape Dorset in Baffin island;

(2) that the council should comprise seven members including, in addition to a deputy commissioner, three residents of the territory and three non-residents;

(3) that, at the outset, because of the sparsity of population and the at present limited understanding of government processes by a large majority of the people, all members of the council should be appointed by his excellency the governor general in council, but that the resident members should be elected by residents of the territory as soon as it becomes practicable to establish constituencies;

(4) that there be no restriction, preference or provision of any kind with regard to racial origin in connection with election or appointment, and that all members of the council should, as in the past, act in the best interests of all residents of the territory;

(5) that, without derogating from the foregoing, until such time as all resident members are elected by the people of the territory it would be desirable for one or more of the members, either appointed or elected, to be of Eskimo origin;

(6) that resident members, whether elected or appointed, should be paid a suitable indemnity;

(7) that the seat of government of the territory should, for the time being, remain at Ottawa and the commissioner should be an officer of the department of northern affairs and thus in a position to co-ordinate the policies of the territorial administration in relation to the people of the territory generally with the special federal responsibilities and policies concerning the Eskimo people who will constitute the majority of the population of the new territory, at least in its early years.

Mr. Laing: As far as Mackenzie territory is concerned, the council recommended the boundaries which I mentioned earlier, and suggested a form of government similar in most respects to the present government of the Northwest Territories. For this new territory they suggested that the council should consist of nine members, of whom initially five should be residents of the territory, elected by the residents of the territory, and four should be non-residents appointed by his excellency the governor general in council. They further asked that the seat of government should be within the territory, and that the commissioner should be resident there.

It seems unnecessary for me at this resolution stage to enlarge at length on the council's statement. The plain fact is that the present Northwest Territories are so large and so diverse that it is exceedingly difficult for one government adequately to look after the needs of all the people. Frobisher Bay on Baffin island is as close to the United Kingdom as it is to the Yukon-Northwest Territories boundary. It is as far from the 60th parallel to the northernmost part of the territories as it is from here to New Orleans.

Beyond this, the people of the Mackenzie district have for many years been dissatisfied with the fact that the seat of government of the territories is in Ottawa. This resentment reflects not only a commendable measure of local assurance but also the difficulty which they have experienced in doing business with a government so far away. They feel, and I am sure every hon. member would agree, that they would be better served by a government which had its headquarters in the territories where it could remain in closer touch with local conditions and local needs.

At this stage, Mr. Chairman, I would like to point out that in the populated Mackenzie district we have found over half the population is living in the five settlements of Fort Simpson, Fort Smith, Hay River, Inuvik and Yellowknife. A total of 8,000 of the population of 16,000 live in these five communities, which indicates that in the vast expanses of the north country there is seemingly a move toward urbanization, as there is in the rest of Canada. This indicates the necessity of having government in the area because, in the type of services required in

these communities and the amenities attendant thereto, the people feel it is important they have authorities living there who can make decisions instead of authorities who come from Ottawa to make decisions.

The division of the territories is a prerequisite to the establishment of a resident commissioner and seat of government in the Mackenzie district. The seat of government is now in Ottawa simply because it is easier to reach any part of the territories from there than it is from any centre within the territories. Unless the territories are divided, the costs of operating a resident government would be exceedingly high, and it would be very difficult indeed for such a government adequately to reflect the needs and wishes of all the people throughout this vast area.

On second reading of the bill there will, of course, be an opportunity to discuss in more detail the considerations which led the council to frame their recommendation and which led both the present federal government and its predecessor to accept it. Hon. members will be better able to discuss these questions when they have the text of the bill before them. Accordingly I do not propose to deal with them in greater detail at the present time.

Mr. Chairman, I want to make some personal observations because it was my good fortune, in spite of the circumstances under which I went there, to visit Hay River and Fort Simpson at the time of the devastating flood. I am going to say that I found among the people there a mixture of very great responsibility and indomitable courage. I am quite certain those people possess these qualities because they are living there, and I think if they did not possess these qualities they would not be living there. I think the point has now been reached when we can say, though we keep the reservation always that the national government of Canada will have to assist those territories in the future as they have in the past, that the time has arrived to give them the maximum possible amount of self-government. The legislation which we propose as a result of this resolution will be a move in that direction.

We are discussing today, Mr. Chairman, not the bill itself but the resolution, which provides "That it is expedient to introduce a measure to amend the Northwest Territories Act". I suggest to you, sir, that it is reasonable and proper for this house to give full and sympathetic consideration to the considered recommendations of the Northwest Territories council, which represents in its membership the people who will be most immediately affected by this measure and to which parliament has delegated much of our responsibility to make laws for the government of the northern reaches of Canada.

Mr. Howard: Mr. Chairman, I would like to ask the minister a question just before he concludes his remarks, if that is permissible. Did I understand the minister to say, or to imply at least, that even with the establishment of the new territory of Nunassiaq there will still be some parts of that area which will be administered directly from Ottawa and will not be covered by the territories council?

Mr. Laing: Mr. Chairman, probably this is a matter which might better be discussed on second reading, but I would like to tell the hon. member that substantially speaking the effect of the two bills, if they pass the house, will be to extend the type of government that we at present have in the Yukon to the Mackenzie, and to place Nunassiaq in the position where the Northwest Territories was before. There would be a minority of elected members in Nunassiaq but a majority of elected members in Mackenzie.

Mr. Dinsdale: Mr. Chairman, I am pleased that the resolution which has been brought before the house provides an opportunity for the discussion of northern affairs. It is some time since the house or a committee of the house had an opportunity to examine in some detail the developments that have taken place in the north, the area north of the 60th parallel. I think this occasion provides the ideal opportunity for such a widespread discussion, inasmuch as it is a proposal which contemplates legislation that is forthcoming largely because of the changes that have taken place in the north during recent years. There has been a tremendous upsurge of development. In other words, it is possible to say that at long last the north has come into its own and is now recognized as an integral part of Canada.

A northern development policy was deliberately embarked upon by the former administration. One of the first proposals which gave rise to the resolution which we have before the committee came from the former prime minister, now the Leader of the Opposition, who right from the outset of his administration indicated that he was fully aware of the necessity of Canada occupying this vast territory in her frontier. The Leader of the Opposition, when he was prime minister visiting the Northwest Territories back in July of 1961, appeared before the Northwest Territories council which at that time was in session. In his remarks to the council he included the following words:

I was particularly interested in one view that you expressed:

That was referring to a view that had been expressed by the council:

> More and more the council believes that to a greater extent than ever before, self-government should be made available to the people in the north, and I'll join with you in that. Already the field has greatly widened the responsibilities of the council, and I can assure you of this fact: that having seen at first hand something of the achievements of the past, something of the things that have already been done, anything that you may suggest—and the members of the council—to increasing the field of your responsibility, and also providing, to a measure not before known, of self-government, will receive my warmest approval and support.

Mr. Chairman, that was one of the early formal statements made on the matter. As I look back in the records I find that as early as April 1958, under the then minister of northern affairs and national resources, the present hon. member for Qu'Appelle, and the then prime minister, the main thesis deriving from the program of northern development that had been already launched at that early period in the new administration's activities was the necessity of granting greater local government and autonomy to the areas north of the 60th parallel.

I pay this tribute to the Leader of the Opposition because not everyone agreed with him that the time had come and was ripe for accepting Canada's heritage in every respect in these million and a half square miles which we now know constitute a part of Canada's rich heritage. He was the first prime minister to travel extensively north of the 60th parallel. That was necessitated because of the many official openings that took place in the north, the completion of the microwave network system of communications, the opening of roads to resources, the opening of the new townsite of Inuvik and the other activities that have been going on during recent years.

But as I say, this has not always been the viewpoint of many in this House of Commons or many across the country; there was considerable resistance when it was first put forward. It is obvious today in this house, on the part of the new government and all hon. members of the house, that there is common agreement that the time has come for a major forward step in recognizing the role played by the Northwest Territories in our system of confederation. This is a far cry from the days when the policy of the former administration was criticized in a rather flippant way as being a policy of building roads from igloo to igloo, and other observations to the effect that it was the result of a distorted or blurred vision. That vision has more than justified itself, and it bears out the truth of the scriptural injunction that where there is no vision the people perish.

Mr. Matheson: Was not the recommendation contained in the Gordon report in 1956?

Mr. Dinsdale: In referring to the vision of northern development and the criticism which was directed against it, I am merely drawing attention to the fact that the program of northern development was put forward in the face of considerable opposition both in this house and outside it; and that some of those who then were in the forefront of the opposition are now playing leading roles in the new administration.

I do not intend to go further than that in this regard, but I think the record is well known. For example, when I took over responsibility for the department just before the new year of 1961, one of the members of the press gallery wrote words to this effect; "The new minister of northern affairs should examine the vision of northern development and see why it has become a nightmare". This was typical of much of the feeling which was prevalent at that time and it is encouraging to see that in a comparatively short period there has been such wide acceptance of the viewpoint which was espoused by the former prime minister.

Mr. Diefenbaker: Another retreat by the Liberals.

Mr. Matheson: Is it not a fact that the approach to northern affairs taken at that time was really the implementation of a chapter of the Gordon commission report? I have studied this matter with great care, and I have also studied the policy of the former prime minister in 1957. Does the hon. member not agree that the policy statement made in 1957 by the present Leader of the Opposition was substantially the recommendation contained in the Gordon commission report in 1956?

An hon. Member: Rubbish.

Mr. Dinsdale: I do not want to engage in a discussion of the Gordon commission and its recommendations, because they have been discussed in other contexts in this house during the current session of parliament. There are various versions of the Gordon commission report. I do not want to become controversial. I was merely stating a fact, that this was a deliberate program initiated by the former administration, and we are delighted to see it so enthusiastically embraced by all sides of the house.

I was making the observation that notwithstanding what might have been recommended in the Gordon commission report back in 1956 there were critical reports about our roads to resources program, our development road program, and some critics went so far as to say it was merely a matter of

building roads from igloo to igloo. That is a matter of record, and it parallels in history the comment which was made when the government of Sir John A. Macdonald first sought to penetrate the Northwest Territories by building the Canadian Pacific Railway. The Liberal party of that day referred to the construction of the C.P.R. as building a railroad which would go from wigwam to wigwam.

This suggests that political parties do not change their fundamental orientation in their approach to national development. I remember another statement—and I am sure the hon. member for the Yukon will bear me out in this—that we were spending money in the north like drunken sailors.

Mr. Nielsen: That was the present Prime Minister.

Mr. Dinsdale: I think the hon. member for the Yukon will be taking part in this discussion later, so I will leave this aspect for him to deal with. To return to the circumstances which have made possible this very happy occasion in the House of Commons, let me say that one of the reasons the north was neglected for so many long years was our failure to appreciate that Canada, geographically and politically, is an indivisible entity. Professor Morton of the University of Manitoba in a recent paper put his finger on the point precisely when, in summing up an article on the prospects of northern development, he came to the conclusion that Canada is a northern nation with a northern heritage and a northern destiny.

This has always been true; it is not a recent discovery. There have been those right back to the days of Voltaire who have referred to eastern Canada, the part of Canada which was then known, as the land which God must have given to Cain, because it was so forbidding, so formidable in terms of its geography. We must recall that 75 per cent of Canada, in fact the heartland of Canada, is made up of the pre-Cambrian shield and this is rugged, rocky terrain which requires the best kind of pioneering citizens for its development; and we have had them in all generations since Canada was first occupied. Canada has been fortunate in its pioneering spirits. The outward expansion of our country has always been oriented into the northwest.

I was intrigued when I went to Halifax to discover—and the hon. member for Halifax, who is still the mayor of that city will bear me out on this point, I am sure—that Halifax still bears with pride a name by which it has long been designated, "guardian of the north". There is real recognition that the orientation of Canadian development was ever onward into the northwest. I was at the Keefer terminal opening at the head of the lakes a year ago and I was most interested to find that the good citizens of Fort William and Port Arthur refer to their towns as "the gateway to the northwest". And they are very close to the Canadian-United States border.

This trend to the north is a fact evident from our history, but very often down through the years we have acted as though it had no basis in actuality. Thus when Saskatchewan and Alberta were carved out of the territories in 1905 many voices of doubt were raised. We remember it was just a decade or so before 1905 that criticism was raised of the national policy of building communication into the Northwest Territories at all. It was said that this region would only be good for buffalo and Indians and that we would be building a railroad which would not even pay for its axle grease. These are matters which are reported in Canadian history.

Now compare Canada's geographical position with that of the United States. The heartland of the United States is the Mississippi valley, and in geographical terms the differences between the patterns of development in Canada and in the United States can be partly explained by the topography and geography which we inherited.

I think this occasion also provides a wonderful opportunity to pay tribute to one of the first Canadians who recognized the potential of the Canadian north. I refer to the late Vilhjalmur Stefansson, who was born in that part of Manitoba from where the Secretary of State comes.

Mr. Pickersgill: Actually I think he was born in North Dakota.

Mr. Dinsdale: No, he was born at Arnes, Manitoba, in an Icelandic community which was then part of the northwest territories. If I recall my history correctly—I am aware that the Secretary of State is a former professor of history from Manitoba, so I would not want to debate with him on this particular point—I recall that Arnes, Manitoba, was the birthplace of Mr. Stefansson, and, as I say, at that time it was part of the Northwest Territories. He was a member of a pioneering Icelandic family and he died last August full of honours for his outstanding work connected with the north. The exploration in which he was concerned took place in the early part of the century. He later became a lecturer and a savant at Dartmouth University in New Hampshire.

Stefansson was one of the first to appreciate the potential of the area with which this resolution deals. He received support for his exploration of 1912-18, from the government of Sir Robert Borden, which advanced

him up to $300,000, a substantial sum of money. The appeal for government support was first turned down, and it was only after the personal intervention of Sir Robert Borden, who in the tradition of Conservative prime ministers had enough wisdom to believe that the vision of Stefansson had some tangible significance, that the government of that day contributed that comparatively large sum of money. It was that expedition that produced one of the great works of Stefansson, the book entitled "The Friendly North". It is interesting that the name of the proposed new territory, Nunassiaq, literally translated means "the beautiful land". Following Stefansson's expedition of 1912-18, he wrote of his experiences in "The Friendly North", a book which I have no doubt is well known to hon. members interested in northern matters. It was this new interpretation of the north which changed the whole outlook on the forbidding, formidable, unfriendly and cruel north. Unfortunately, the Canadian government did not continue to support Stefansson as had the Borden administration, and a good many of his contributions were directly lost to Canada. He moved across the border and established his northern institute at Dartmouth University.

Let me mention one or two of the ideas put forward by Stefansson over 40 years ago, just to show how visionary they were. He pioneered the idea of working from floating ice floes. Indeed, this is how he carried out a good part of his expedition. This idea was later taken over by the Soviets, and they have been using it with increasing enthusiasm during the past decade or so. During that time Canadian research in the north dropped to a very low ebb and is only now stepping up in tempo once again. He suggested the trans-polar route for aviation, which has become a reality in our time, and the feasibility of using submarines under the ice to tackle the transportation problem of the Canadian Arctic. This, as we know, became a *fait accompli* a year or so ago when a nuclear submarine of the United States navy was able to travel under ice all the way to the north pole.

But, Mr. Chairman, more important, it was the explorations of Stefansson which established beyond all shadow of a doubt the sovereignty of Canada over the Canadian archipelago. We owe a great debt to this Canadian who originally came from Manitoba. I speak as a Manitoban with some sense of pride in this regard. It is in the tradition of Canada, Mr. Chairman, that a good many of the pioneering developments in the north of Canada have originated from this province. It is still the only province with a railway on its arctic coast, and it will be for a long time to come. The development of northern Manitoba has always been of the pioneering kind.

To conclude this tribute to Mr. Stefansson, I might say he anticipated the mineral discoveries and the oil explorations and discoveries now being made. He talked about roads to resources and railroads to resources. He talked about modern communications, as I have already indicated. He even considered the possibility of tourism in the Canadian Arctic and sub-Arctic. Hence the title of his book "The Friendly North". All these things have now been realized.

I am not going into a long recital of what has been accomplished in the past few years, but in the area of oil exploration 123 million acres of the Canadian Arctic and sub-Arctic are now under permit. This is more than any other province in Canada. It is hoped that there will be four more wells drilled in the Canadian archipelago during the present year. There have been discoveries of rich iron ore deposits inside the arctic circle which are so promising that California Standard, which made the discoveries, have formed a subsidiary company, Crest Exploration, with a view to exploiting and developing these resources. I do not want to be too visionary but it is not beyond the realm of possibility, with iron-ore deposits and oil and gas nearby that we might have in the not too distant future a Pittsburgh of the north based on a smelting operation there. Even on Baffin island a rich iron ore deposit was discovered last August, rich both quantitatively and qualitatively. The roads to resources and the microwave link-up now extending from the arctic coast to the Mackenzie delta, the northern research co-ordination centre now under construction at the Mackenzie delta, and the Pine Point railway which will cross north of latitude 60 next year, if it is up to construction schedule, are just a few of the developments which have given rise to the proposal we now have before us. Perhaps most of the developments mentioned are in the western Arctic, but the same pattern is unfolding in the eastern Arctic.

I should say a word about tourism in the north, because there has been some misunderstanding on this point and criticism still continues. It can be said, I think, that already tourism is the second most important economic aspect north of the 60th parallel. Why? Because the great desire of the tourist is to get away from the booming, buzzing confusion of the big cities and out into the wilderness and wide open spaces. North of the 60th parallel there is space in abundance and breathtaking beauty. In fact, everyone to whom I have spoken who has travelled

north of the 60th parallel, whether it be in the Northwest Territories or the Yukon or even to the remote islands of the archipelago, has come back deeply imbued with what is known as the spell of the north.

It is estimated that last summer 18,000 people visited Dawson City almost as many as crossed the trail of '98 during the great gold rush. At least $2 million in revenue was derived from the tourist industry in that important part of the northern area of Canada. Camp sites and picnic grounds as well as commercial motels are now springing up along the entire length of the Mackenzie highway. Two thousand tourists travelled over the highway to Yellowknife last summer and it is anticipated that this figure will at least be doubled during the current year. In the area of resource development this is a tremendous economic asset and it applies with equal significance to all parts of the north.

Let me move now to the most important area, human resource development, which is the subject of the current debate. There has been equal progress in the area of human affairs as well. For example, there is the spurt in education. The vote was given to the residents of the eastern Arctic for the first time in 1962. The hon. member for the Yukon was instrumental in promoting this development. It was received with a certain amount of misgiving because it was said that these people were not ready for the federal vote. However, they exercised their federal franchise with enthusiasm and wisdom during the past two elections. The anomaly in this respect is that they do not yet have the territorial vote.

As the minister indicated, the governmental situation in the Northwest Territories has long been somewhat of an anomaly because the people living in that part of Canada have never had the full benefits of the British traditions upon which our governmental system in Canada is founded. This resolution preceding the intended legislation provides a golden opportunity to bring Canada up to date in this regard. I am not going into the record, though perhaps the hon. member for Yukon will; but arrangements that were regarded as temporary have tended to become permanent; and now as we move this long step forward—

The Chairman: I am sorry to interrupt the hon. member but I must bring it to his attention that his time has expired.

Some hon. Members: Go ahead.

The Chairman: Is it unanimously agreed that the hon. gentleman has leave to continue?

Some hon. Members: Agreed.

[Mr. Dinsdale.]

Mr. Pickersgill: Mr. Chairman, I wonder whether I might say one word and then the hon. member will have the right to proceed anyway under the rules. In bringing this legislation forward there was an understanding among all parties that it would be dealt with very expeditiously, and it was on that condition that I did bring it forward, rather than go on with the program that the government had planned for today.

Mr. Dinsdale: Mr. Chairman, I shall be very brief, and I appreciate the words of the leader of the house. Usually we are still on questions at this time of the day, so I shall be as brief as possible under the circumstances. There are just one or two observations I wish to make concerning the resolution which, as the minister has indicated, is based on the recommendation of the Northwest Territories council made in January, 1962. I think it provides us with an opportunity to overcome some of the anomalies that have prevailed in the government of the north for far too long. The only suggestion I should like to make as we consider the resolution is that we make certain that we are moving to do what everyone wants to have done in this legislation. There have been some misgivings on this score.

The former prime minister, now Leader of the Opposition, visualized this as a step forward in local and self-government for the territories. Following the recommendation from the Northwest Territories council certain representations were made. The mayor of Yellowknife, for example, wanted to be heard on this important matter. When I was the responsible minister I carried on quite a lengthy correspondence with him and suggested that he take the matter up with the Northwest Territories council. He then approached the former prime minister and received a commitment from him that when this legislation came before the house he would have a chance to be heard before a parliamentary committee. I should like to refer to an editorial dated July 1961 in the *News of the North* which, incidentally, the mayor of Yellowknife edits. In it he said:

> So we're going to have a new territory. But let's have it governed so that it will represent the people of the north more adequately, so that it will not be dominated by the voice of the department of northern affairs.

It is interesting that this harks back to the same theme that was voiced in the 1930's when people like Jock McMeekin, the editor of the Yellowknife *Blade*, were talking about the bureaucratic clique that was supposed to handle the administration of the north. In 1961 Mayor Horton of Yellowknife put forward almost the same thesis. I think it should also be noted that since the recommendation

came forward from the territories council an important political change has taken place. As I have already indicated, the people of the eastern Arctic have the federal vote and in my opinion they have exercised their franchise with keen understanding. Yet they are faced with the anomaly of not having the territorial vote and they were not consulted and given the opportunity to be heard through the territorial council with regard to the proposals now being placed before the house.

As we move forward with this step that is so important to the north, I should like to suggest that the opportunity be given to the mayor and council of Yellowknife to be heard, as was promised, and for representatives from the eastern Arctic to be heard if they so desire. If they have the franchise so far as federal government matters are concerned, certainly they should also have it with respect to territorial matters. I hope that the legislation will take this fact into consideration. The hon. member for the Northwest Territories has already made this proposal in the form of a question in the house. Unfortunately he is absent today attending the meetings of the Northwest Territories council in Inuvik, but I am sure that if he were here he would renew his request.

Let me conclude by saying that the fundamental purpose of this resolution as I understand it is to provide for local control and local responsibility. This was one of the recommendations of the Glassco report. During recent years we have tried, within the framework of the existing legislation, to give the Northwest Territories more and more local responsibility and control. We certainly must be sure that this is the intent and purport of the legislation that will be brought in when the resolution has been given approval by this committee.

The central government of Canada has played an increasingly dominant role in directing the growth of the Canadian economy. This has been especially true of the frontier, by the very nature of the circumstances. The former government, in many ways that I have not time to go into now, tried to redress this imbalance in the west, in the maritimes as well as in the north. It is also a truism that in a free, democratic, pluralistic society, organized groups are always active and vocal. They must be given an opportunity to be heard. I trust that as we move forward with these measures, they will be shaped to assure that everything done is in the best interests of all the people in the north. The best way to do this is to provide them with an opportunity to be heard on these important matters.

Mr. Pickersgill: I wonder if I might be permitted to apologize to the hon. member for Brandon-Souris. Since I interrupted him to suggest that Stefansson was born in North Dakota, I have looked up the record and I find that he was born at Arnes, Manitoba, as the former minister said. He and his family went south to North Dakota a few months afterwards, and he was brought up on a farm in North Dakota.

Mr. Leboe: My remarks will be brief, Mr. Chairman, because I should like to co-operate with the wish of the house leader to get this resolution through so that the bill may be passed to enable the Northwest Territories council to have it before them. The two resolutions referred to by the minister will, I think bring about a much broader influence of the residents of the Northern Territories. The division, of course, will naturally facilitate this and we are very happy that this will be so. I would hope that this would give us an opportunity to focus more attention on the assistance, encouragement and understanding of the native population throughout the whole of Canada. These people suffer from a lack of understanding. While we are moving ahead, somehow I feel we are not moving ahead as rapidly as we should be in this direction. I would hope that this new division of the territories, and the different governmental set-up, would help to facilitate this understanding in the northern territories.

I am reminded also of the problem of communications. I have long advocated a national highways system. The territories depend entirely upon provincial highways for their communication, and I would hope that the new governments of the territories would press for a national highways system which would give us a far better lead, as it were, into the territories in so far as commercial and tourist traffic are concerned. I might say in passing that we are very pleased to learn a new railway is going up north. I have not any particular personal interest in the matter, but it is of interest to me because one of the contractors from Prince George has a very large contract in connection with the railway. I happen, therefore, to know something about it. Railways are important because they are the only means by which heavy loads can be moved profitably. In this connection, I would think that the value of the resources in the north to Canada ought to give us an opportunity or a reason for looking into the possibility of a subsidy of some kind for freight going in and out of the northern part of the country. I know that the cost of living in some of these areas is very high, and anything that the Canadian people can do to

help get materials in and out of the territories would be a good investment.

I would complete my remarks with these few words. I do believe that the present Minister of Northern Affairs and National Resources is interested in these territories, so we can look forward to some very progressive steps in this regard in the near future.

Mr. Howard: We too, in the New Democratic party, Mr. Chairman, want to indicate our support not only for the resolution before us but for the one which will follow. I would assume that the discussion at this stage will be of such a broad, general nature that the discussion of the following resolution will be extremely brief. Thus, the two resolutions will be passed this afternoon.

We give support to this idea for two reasons. One, of course, is the meeting of the Northwest Territories council and the desire to have copies of the legislation before that body for their meeting. The other reason is based upon our philosophic concept of the rights of people and the need to establish and promote legal autonomy and the legal authority over their political and other activities. These two resolutions lead us in that direction. They move towards the time when people living in the territories will have full control over their own affairs to the same extent as the people living in the ten provinces at the present time.

I listened with interest to the hon. member for Brandon-Souris as he attempted to heap glory upon the shoulders of the Leader of the Opposition for all that the Conservative government did during the past six years. I would say that there has not been that degree of change take place in that period of time to warrant the glory being concentrated upon the members on the Tory benches.

We need to concern ourselves, as has been mentioned, with the economic and social development taking place in those areas now encompassed by the territories. However, we have to keep in mind that any economic and social development that does take place depends exclusively upon the people who are living there. People have to have some emotional attachment to what they are giving themselves to, in order to develop socially and economically to the fullest possible extent. They must have the fullest possible say in their own affairs. There must be legal autonomy. There must be freedom of the individual to determine his own course. All these things go hand in hand. While we believe this step is welcome, in itself, it does relatively little to lead us towards the time when these areas may become elevated to provincial status. There are a number of people of Eskimo origin living within the areas involved and these should be looked at specifically.

We have a large number of native Indian people in Canada classified as such, as distinct from Eskimo people, and our Indian affairs are in a disgraceful and deplorable situation. We are one of the few countries in the world which has a special law designed for a particular group of people, based on their culture and heritage, and if we are not very careful in our approach to the relationship of the Eskimo people in the territories with non-Eskimo society we will find ourselves, in the very near future, in the same deplorable state with respect to the Eskimos that we are in with respect to native Indians.

This is something which should be of prime concern to the minister, his department and the government as a whole. Some extensive research work must be done into the cultural, social and economic problems confronting the Eskimo people in these areas today, and also projected into the future, to make sure we are taking the right steps to preserve the integrity of those people, develop respect for their culture, and within them develop respect for the type of society and economy which we have.

The whole area outside of the provinces in the north is virtually a communist state. When I say that I do not associate it with the situation which exists in the Soviet union, but within that area the federal government has sole, exclusive jurisdiction. Only a few feeble efforts have been made in the past, and are being made today, to break down that federal government, central, authoritarian control. To me this is virtually a system of communism in which everything is directed from the top, and with relatively few decisions being made by those most vitally affected, namely the people who live there.

People in the north tend to look upon Ottawa as a sort of absentee landlord with only some vague, casual interest in road building programs and the like, which take place from time to time. In those parts of Canada which are organized into provinces, by virtue of the British North America Act this tends to place some controls on authoritarianism at the federal level, and this is particularly important in the field of civil and other rights. The closer we can bring control to the people over their own affairs, particularly in matters of rights and freedoms and the direction of their social and economic activities, the better chance we will have to foster a type of democracy of which we can be proud.

Perhaps at present it is not feasible overnight to bring these areas to provincial status. Perhaps they themselves do not feel sufficiently interested or emotionally attached to the concept and idea of becoming provinces, but we must bend every effort possible to

that end, and make sure the time is not too far distant when those areas will become provinces and when the people living in them will have the fullest and highest possible degree of authority over their own affairs. In this way, we can ensure that their social and economic development takes place and moves in a direction in which they want it to, and not in a direction which somebody in Ottawa thinks it should. Perhaps it would be appropriate in this situation to pay tribute to Lincoln's phrase and say that government of the people, by the people and for the people is essential in our democracy, and I hope we can get to that stage at the earliest possible moment so far as the territories are concerned.

Mr. Nielsen: Mr. Chairman, this resolution provides me with an opportunity I have been waiting for since the time I heard that the former deputy minister, Mr. Gordon Robertson, was sent to the privy council, of publicly expressing my gratitude to him for the wonderful job he did while he was in the Department of Northern Affairs and National Resources, and for his devotion to the development of the north and the welfare of the people who live there.

It also gives me an opportunity to welcome the new deputy minister, Mr. Cote, who I understand will be assuming his duties very shortly. Last, but by no means least, there is another gentleman to whom I would like to pay tribute and who will soon be retiring. I refer to the assistant deputy minister, Mr. Cunningham, who is now sitting in the gallery. I have been associated with all these gentlemen for more than six years. These are excellent men who have acquired a fund of knowledge that is second to none among the experts on the north, and I for one am very sorry to see all this talent departing from the department.

The resolution before us purports to say that legislation will be introduced which will in some way advance the approach to self-government in the territories. There are many people in the north who do not agree with that, just as I do not agree with the hon. member for Skeena when he says that many people in the north look upon the federal government as an absentee landlord. Indeed the reverse is true. They see perhaps too much control from the federal government in Ottawa, and they desire to be as far away from it as they can in the sense that they want more of that control in their own hands.

When my hon. friend from Skeena refers to some vague and casual road building efforts, I suggest to him that he should do a little travelling in the north, which he can do now as a result of the roads built over the last six years. I further suggest to him, when he says there has been no progress made in the north which would warrant the tribute paid to the Leader of the Opposition by the former minister, the hon. member for Brandon-Souris, that he probably forgets the time he visited at my home in Whitehorse and had a cold ade on my patio, which was built by loans made available through N.H.A. and which have resulted in a 200-home development that did not exist in 1957. However, I do not want to get too deeply into that.

I disagree most heartily with the hon. member who interjected when the hon. member for Brandon-Souris was speaking with respect to the vision. He said it was the vision of the Gordon commission; but how many times in the last seven years did we hear it ridiculed, scorned and derided by hon. members over there? How many times have they called the vision a nightmare, and what criticism was heaped upon the things being done in the north? My hon. friend from Skeena speaks about building roads; but I can tell him that in the last seven years almost $25 million were spent on building roads in the Yukon territory alone. These roads brought the discoveries we are now reading about. They include the richest iron ore deposit in the free world, the first discovery of oil and gas in the Yukon, and a tungsten mine. These things have been made possible by communications which were not constructed prior to 1957.

In his introductory remarks the minister made reference to the name Nunassiaq. My hon. friend, the hon. member for the Northwest Territories, is not here but I have spoken with him concerning this proposed legislation, and he tells me the people of the eastern Arctic were given the choice of two names which were suggested by the department. If that is correct, I do not think this is much exercise of free choice, or a selection from 10 names or a selection from 20. Surely the name of the territory should be a reflection of the choice of the representatives of the Northwest Territories people on the council. When we pay lip service to a territorial council in the sense that we have regard to the opinion of these gentlemen who sit on decisions respecting territorial affairs, surely that must be tempered by the realization that the council of the Northwest Territories is not represented at all by any people from the eastern Arctic. No one from that area of the north sits on the territorial council. What is more, the council of nine consists of five members appointed by the minister and only four elected members.

The resolution preceding the bill calls for an increase from four to five in the number of

elected members on this council of nine. This will still leave room for four appointed members. Why not have them all elected; or does the minister feel there are not men of intellect, capability or ability in the north who can discharge the legislative or even the executive functions? Why should there be any appointed members on the council? The Yukon territory now has a council of seven and they are all elected. Surely if in that area we are going to move toward self-government and a full measure of autonomy there are sufficient financial controls so as not to leave the federal government with any fear that their investment is going to be squandered if all members are elected—because monetary control still remains with the department; it still remains with the governor in council.

I am wondering, too, just whose resolution it is that has been tabled by the minister. As Mr. Justice Sissons of the Northwest Territories once said, "The voice is the voice of Jacob, but the hand is the hand of Esau". I am just wondering whether the resolution was not drawn up here in Ottawa and presented to the Northwest Territories council and rubber stamped, as good pieces of legislation seem to have the habit of being when they hit the Yukon council. My remarks must be frank here. It would appear that I am the only member from the north, above the 60th parallel anyway, who is going to be speaking on this resolution.

Mr. Dinsdale: Ny heart is there.

Mr. Nielsen: The hon. member for Brandon-Souris says his heart is there, and I agree with him. But I must say that I have grave doubts that the bill which will probably follow this resolution is going to accomplish what the people of the north want.

The minister mentioned that there were three matters which should be considered when discussing legislation of this kind. One was the federal responsibility, the second was the devolution of authority, and the third was the form of government similar to British constitutional practice. I want also to say a word or two about the historical and constitutional background of the Northwest Territories and of territorial government in Canada. In 1905 the provinces of Alberta and Saskatchewan were created out of the Northwest Territories, as hon. members know, and this transition from a territorial form of government to a provincial one was comparatively easy. It is not so easy to change the system in the north right now, however desirable this might be and however anxious we all are to proceed to that end.

The Northwest Territories Act of 1905, as the minister knows, provided for the liquidation of the affairs of the old government of the Northwest Territories and the appointment of a commissioner who would exercise the executive powers formerly vested in the lieutenant governor or the lieutenant governor in council. The commissioner should administer the government of the new Northwest Territories under instructions from time to time given by the governor in council or the minister of the interior. They remain substantially the same today. Here is where the people of the Northwest Territories are going to have a legitimate complaint with respect to the new territory. It is completely contrary to what I maintain is the law, and certainly the constitutional practice in the growth of governments in this country, to have a commissioner resident elsewhere than in his own territory.

It was suggested by the minister in his opening remarks that the commissioner of the new territory will remain in Ottawa. This has been the complaint for years and years and years in the Yukon territory, and until very recently the commissioner of the Yukon was always an Ottawa appointee. Now he is a Yukoner and is resident there. This was an accomplishment brought about by the former administration which I would very strongly suggest the minister follow with respect to the Mackenzie district when it becomes a separate territory.

Mr. Laing: That is understood.

Mr. Nielsen: I hear the minister say that this will be the case and a local resident will be appointed commissioner. I am glad to hear that. The historical development of the Northwest Territories proceeded from the stage where the governor in council still retained the power from time to time to constitute and appoint a council of four to aid the commissioner in the administration of the territories; but by the passage of the 1905 act the supreme court of the Northwest Territories was disestablished and, as the assistant deputy minister will remember, stipendiary magistrates were constituted for the north. I believe he was one of them. It was not until 50 years later that the territorial court of the Northwest Territories was established. I think this proposal, unless the bill provides otherwise, is going to disestablish that territorial court, as a matter of law. It will be interesting, if the minister will have his legal officers check that proposition, because I believe that is going to be the net result. It appears that by this historical legislative development the government and administration provided for the Yukon and the Northwest Territories by the Yukon Territory Act of 1898 and the Northwest Territories Amendment Act of 1905 follows the precedent of

the Temporary Government Act of Rupert's Land which was passed in 1869. They were presumably enacted to be temporary, and this is the crux of a point that has been made in the past by Mr. Justice Sissons and a point with which I am in wholehearted agreement.

There was some justification at the time of the passage of that legislation for instituting these temporary forms of government. There was a gold rush in the Yukon territory, with thousands upon thousands of people pouring into the area. They were a rough crowd; they were a mixed crowd; they were an international group of people. At that time the Yukon was remote; it had no air lines, no roads, and communication into these areas was slow. There were no highways or railways; everything was in a state of flux. It was necessary to establish immediately a local, stable government for the maintenance of order. At that time, the conditions which made a government seem necessary or excusable existed, but the temporary form of government which was set up then is still in existence. It was set up on the basis that it was to be the government until more suitable arrangements could be made. Now the temporary government of Rupert's Land, which was established as far back as 1867, was maintained for only three years. In the Yukon, the temporary government was maintained for 63 years and in the Northwest Territories for 57 years. This resolution and the resolution to follow it will not remedy the situation at all, because these governments are still not the governments contemplated by the legislation which was passed prior to confederation when Rupert's Land was set up.

There have been various changes both in the Yukon Act and in the Northwest Territories Act since 1898 and 1905 but none of these changes has affected the temporary nature of the institutions which were set up at that time. I cannot agree with the hon. member for Skeena that a communist state exists in the north, because I think such a statement is a disservice to the devotion and industry demonstrated by the departmental officials in their care of the affairs of the north. I will say, however, that it approaches a system of colonial administration. In this regard it seems to me that even the British were much more enlightened with respect to the manner in which they administered their colonies many years ago than we are today. I wish to cite here the words of Sir Saville Garner, a British high commissioner for Canada who wrote an article in the magazine *North*, which is the official publication of the department of northern affairs. He had just completed a visit, in 1960, to the Northwest Territories and when he came back he had this to say about the government and the administration there:

> Perhaps an Englishman may be pardoned in concluding by making a comparison, which may seem on the surface odd, between Canada's north and the administration in a British colony. Anyone familiar with a colony expects to find a governor who acts not only as the centre of the administration and the stimulus for policy, but also as a focus for all the activities in the territory and as a symbol of its unity. Moreover and obviously the different government services are co-ordinated and work under central direction. While the far north is not a distant island, it does in many ways play the part of Canada's colony; but the contiguity of lands has caused a striking contrast with what is normally to be found in colonial administration. There is at the moment no one at the head of the administration who acts as symbol and is a focus. The commissioner for the Northwest Territories is the deputy minister of Northern Affairs and National Resources, who visits the area on relatively rare occasions. The government services, moreover, are not unified.

It seems to me that Sir Saville Garner's words bear a striking resemblance to the conclusion reached by the Glassco commission. I do not agree with all the conclusions of that commission but certainly I am in accord with that which touches the need for a more central government, a government which would be on the spot to deal with northern affairs.

I express this hope to the minister—that the legislation which will be produced as a result of this resolution, and particularly as a result of order No. 7 on today's order paper, will provide for a resident commissioner in the new territory and thus follow along the lines of what, I am sure, was intended by the British North America Act when words were inserted in that measure to provide that the government of Canada would have power to absorb these territories and create them part of Canada for administration and control. This is my view of what the federal responsibility should be in the north. As the deputy minister has often said, the department of norther affairs should be constantly striving to eliminate its reason for existence. Once we have passed sufficient autonomy to the people of the north there will be no further reason for the existence of a department.

It is blithely said that the only difference between the jurisdiction in the Yukon and in the Northwest Territories as compared with that in the provinces lies in the fields of justice, natural resources and the expenditure of money—in other words that although the Yukon council, for example, is fully elected, none of its members can introduce any measure which affects the territorial purse. In reality, much more administrative control is exercised in many more fields than those of justice and natural resources. The hon. member for Brandon-Souris and the hon. member

for Skeena in their remarks mentioned the subject of human resources. When the address was presented to the Queen from the Senate and the House of Commons of Canada, signed by the Speaker of the Senate on December 17, 1867, and by the Speaker of the House of Commons on December 16, 1867—this was the address which contained the terms and conditions upon which the Northwest Territories and the Yukon were placed under the administration of Canada—one of the guarantees contained in that address was that the legal rights of any corporation, company or individual within the territories would be respected and placed under the protection of courts of competent jurisdiction. This, specifically, is why I mentioned to the minister the possibility of disestablishing the territorial court by the passage of any legislation based on this resolution.

The second guarantee which all successive governments since the presentation of that address have left unfulfilled is that which guarantees the Indian tribes compensation for land required for the purpose of settlement. The claims of the Indians, it was said—and here I am reading from the address—would be "considered and settled in conformity with the equitable principles which have uniformly governed the British crown in its dealings with the aborigines". This last condition has not been complied with as far as the Indians and Eskimos of the present Northwest Territories are concerned, nor has it been in the Yukon. There are no treaty Indians in the Yukon territory and it is high time the federal authority did compensate the Indian and Eskimo people of both territories for the use of their land in conformity with the commitments which the Queen and the government of Canada entered into at the time of the address which I mentioned.

May I call it five o'clock?

Mr. Pickersgill: Before you leave the chair, Mr. Chairman, I wonder if I might confirm my understanding of something which, I thought, had been agreed to by all parties before this legislation was called, namely that we should have just one speaker from each party and then proceed to the first reading of the bill in order to meet the convenience of the Northwest Territories council. We were hoping we could get this resolution through in a very brief time this afternoon. As I indicated to the hon. member for Winnipeg South Centre, we are trying to meet some of the arrangements which had been made before we took office. If I felt that a great deal of parliamentary time was going to have to be expended on these resolutions, I am afraid they would have to be put off until a later date.

Mr. Nielsen: Might I just say a word on this. I should like to explain to the house leader that I was not privy to any such arrangement made between the parties, having just returned to Ottawa yesterday; but I am sure he would agree, in the absence of the hon. member for the Northwest Territories, in view of the importance of the legislation to people in both territories, that he would like to have their views expressed as fully as possible.

Mr. Pickersgill: I would be delighted to hear them express their views on the bills, but I thought we had made this arrangement in order to get the bills read so that they could be discussed by the territories council before being brought back here for consideration. I can assure hon. gentlemen that there will be ample opportunity at that time to debate the bills at some length. If it is not possible without prolonged debate at this stage to accomplish what I thought the house had agreed upon, I am afraid we will have to ask the committee to rise and at some other time bring the matter before the house again. If it is a matter of just ten or fifteen minutes to dispose of the matter, I would be only too happy if the matter could be disposed of.

Mr. Nugent: Mr. Chairman, I hope to be able to speak on this bill and will not take more than five or ten minutes.

Mr. Nielsen: We would be restricting ourselves somewhat but I can assure the house leader that my remarks will not be of any length.

Mr. Pickersgill: If it could be quite clearly understood that there are only the two hon. gentlemen who have indicated they intend to speak and that they are both going to be brief, then we would go on with the committee as soon as my hon. friend the Minister of Finance and the representatives of the other parties have spoken.

Mr. Laing: Mr. Chairman, I hope that this matter can be arranged, because the hon. gentlemen who have spoken know the circumstances under which we are introducing the resolution at this time and the subsequent bills. There is a deadline of April 1, 1964. Otherwise, we will have to go to the expense of having another election in the Northwest Territories. There is a deadline to this matter and I think we are aware of it.

Mr. Dinsdale: On that point, Mr. Chairman, I do hope that in the course of the council's deliberations they might take care of that problem, anticipating that it might be necessary to extend their life beyond the present allotted time.

Mr. Laing: I think they would prefer not to do that. The purpose of getting the resolution concurred in is that during the course of the summer further discussions can take place. I am sure all hon. members are aware of the circumstances.

Mr. Nugent: I have good reason in wanting to keep the minister happy with my brevity.

Mr. Pickersgill: I thank hon. gentlemen for their co-operation.

The Chairman: Order. So that the house may proceed to the consideration of private members' business, pursuant to section 3 of standing order 15, it is my duty to rise, report progress, and request leave to sit again later this day or at the next sitting of the house, as the case may be.

Progress reported.

WATER RESOURCES

POLLUTION—SUGGESTED CREATION OF CONTROL DIVISION

Mr. H. W. Herridge (Kootenay West) moved:

That, in the opinion of this house, the government should consider the advisability of the creation of a water pollution control division, composed of representatives of the ten provinces, within the framework of the proposed national resources council, with powers and funds required to institute research programs, collect, collate, and analyse water control data, and to co-ordinate the water pollution control objectives for the provinces, in addition, to further the study of water pollution control objectives for the provinces, in pollution control problems of a national character.

He said: Mr. Speaker, I again introduce this legislation because of the continuing and increasing menace caused by the pollution of our waters to human health, fish and wildlife and to our recreational facilities in Canada, and also because of a growing recognition—and I am glad to say it is growing—of the need for co-operative action between governments effectively to deal with this problem. I know that in dealing with a question like this it can be treated on a strictly non-partisan basis, because I am certain that there are members in all parties who are seriously concerned with this problem of the pollution of our waters in Canada. There is no need for me to emphasize that the New Democratic party policy stresses the need for the conservation and proper development of our natural resources in order to protect the living standards of this and future generations, and the protection of our waters is a safeguard for one of our most important natural resources.

I am fortunate to live in a country where we enjoy abundant supplies of pure water and clear, mirror-like rivers, lakes and streams. However, many Canadians are not as fortunate as I and have suffered the hazards of water pollution occasioned by the greed of thoughtless corporations and other organizations for generations past. I notice a few hon. members looking at me with a sort of concerned appearance on their faces. I will allay their fears that I may be attempting to introduce prohibition by the back door by quoting from the Philadelphia *Monthly* magazine of 1798. This is what I read in that magazine:

> By its fluidity and mildness pure water promotes a free and equable circulation of the blood and humours through all the vessels of the body... hence water-drinkers are not only the most active and nimble but also the most cheerful and sprightly of all people... But to delicate and cold constitutions and to persons unaccustomed to it water without wine is a very unproper drink.

Therefore I hope people will understand our approach to this problem. However, most Canadians today have to depend upon water that is second hand or worse, depending on the stage of its meandering or wandering past industrial plants, municipal intakes and sewers, or through barnyards, ditches or other sources of pollution. This is a problem, I judge from my reading, that has concerned members of parliament and many other people in this country for over three quarters of a century; and yet this menace to life and happiness, and to civilization itself, as history teaches us, continues to grow daily.

While we face this serious situation it would be unfair not to mention or to give credit to those who have worked on this problem almost unsung and unheard throughout the years. There have been a multitude of people who have taken a great interest in this question. Some excellent work in the first instance was done by the international joint commission in dealing with the pollution of the great lakes and other international waters. Some of the work they have done sets a model for other agencies which may wish to follow in the pathway they have blazed. As far as the federal government is concerned several departments are responsible for dealing with some aspects of water pollution. However, the British North America Act as I see it imposes a division of jurisdiction in water management that fails to recognize the interrelationship between various water uses and various water users. This has resulted in a piecemeal approach in dealing with this problem. The tendency at the federal level, and somewhat naturally, has been to concentrate on those aspects of water use specifically delegated to the federal authority in the British North America Act.

The provincial governments have been forced by the growing menace of pollution,

particularly in recent years, to take some action to meet the problem. For instance, in British Columbia there are several agencies now that deal with various aspects of water pollution. Water pollution has been the subject of very interesting discussions at several British Columbia natural resources conferences. It is now generally recognized by all parties in British Columbia that there is a pressing need for the establishment of a fresh water control agency in British Columbia to deal with the question of water pollution and a need for effective co-operation between the federal and provincial governments in this field.

The Ontario water resources commission was established in 1956 and in co-operation with regional and local authorities there has been some very good work done in this direction. However, they started very late in the day and they have a very large problem to deal with at this time.

In addition, increasing numbers of municipalities have shown concern with the question of water pollution, particularly in the last 10 years. That interest has been stimulated to some extent, I think, by the action taken by the former government in voting $100 million for assistance to municipalities in the building of sewage disposal plants and structures related to the disposal of sewage and so on. I have noticed in my own district that because of the work that has gone on in some municipalities public attention has been more or less focused on the problem, an interest that did not exist before, and I think it is because of the concrete works they have seen being undertaken, as it were, in front of their eyes.

While on the whole we in our district enjoy fresh, pure and clean water, because of growing industrialization in a few areas there is a tendency for pollution to develop. This is causing serious concern, particularly in view of the large scale enjoyment of fresh water. I noticed in a local paper, the Trail *Times* of May 11, that the association of Kootenay municipalities meeting at Kimberley had a very interesting debate on this question and indicated their concern. Let me say here that the problem is almost infinitesimal in our area compared with what it is in Ontario and other densely settled areas, and I am very glad to see that the municipalities are hoping to take effective action to make certain that pollution does not increase and to remedy any pollution that has developed to date.

The general tenor of the debate at these meetings was the need for co-operation between all levels of government, federal, provincial and municipal. I would say that in addition there is a need for co-operation with many types of community organizations because pollution can occur in unorganized districts, in small communities that are unable to deal with the problem effectively unless they have the supporting research and assistance of the senior governments.

In reading various papers I have noted that the problem is receiving attention all across the country at the present time. I am very pleased to see that various periodicals and newspapers across Canada are giving more space to the question of the conservation of natural resources and the question of water pollution. I want to pay particular tribute to the *Family Herald,* a farm periodical to which I have subscribed for over 50 years. In recent months it has had some excellent articles on the conservation of resources, utilization of land, water pollution and so on. I also wish to pay tribute to the *Globe and Mail.* I understand it is a Tory paper but it is amazing the number of articles it publishes with which I agree. My reading of the *Globe and Mail* in the last 18 years has indicated that someone in that organization has a very keen interest in this problem. I also pay tribute to other periodicals.

In particular I wish to mention Mr. Walter Gray of the press gallery who writes for the *Globe and Mail* and Mr. John Bascom St. John of the same paper. Throughout the years they have written most interesting and intelligent articles on a subject that does not receive enough attention from the press gallery on most occasions. Throughout the years their excellent articles have dealt with various aspects of the conservation of our natural resources. Let me say that their type of journalism is a welcome contrast to the sensationalism that deals with human weaknesses and the sins of the flesh, which have been dealt with so extensively lately, and the foibles of certain sections of our conservative society. I am not going to suggest that we are all saints here. There are some sinners in all parties. I am talking about the failure to understand the value of our natural resources. I must pay tribute to these writers because the people who take the time to write these articles are making a great contribution toward an understanding of the problem and an appreciation of the things that have to be done.

Piecemeal, corrective action to clean up pollution is not enough. The only way to wrest our countryside and our cities from the stinking clutches of pollution is to eliminate the causes and we have not made much progress in that respect to date. To do this, Mr. Speaker, I suggest that several lines of attack are required and I am going to make a few suggestions before I complete my remarks. I am only speaking briefly because

I should like other members who are interested in the subject to have ample opportunity to speak.

I suggest that first of all we need a co-ordinated federal-provincial approach to water control to unite the present multitude of agencies which work in parallel lines or overlap in federal, provincial and other fields. Second, I believe we have got to have a very extensive research program and this can only be established on the basis of co-operation between governments. Third, we require the collection of water control data, the analysis of water and the collection of other information which can only be done by governments working together. Fourth, when we are dealing with our water resources I think we should establish a sound system of priorities for the use of water. There has been a great failure in this respect in the development of water resources to date. Fifth, I believe that a better relationship, shall I say, of water development to ARDA and provincial agencies working in the same field must be established.

In concluding my very brief remarks I should like to quote what a very well known writer has said. I refer to Ralph Tyler Flewelling, who said:

> We cannot impose our wills on nature unless we first ascertain what her will is. Working without regard to law brings nothing but failure; working with law enables us to do what seemed at first impossible.

In concluding my brief remarks, Mr. Speaker, I urge support for this resolution on a non-partisan basis to see if we cannot get together to deal effectively with a problem which, to date, has not been met.

Mr. Raymond Rock (Jacques Cartier-Lasalle): This private member's notice of motion, Mr. Speaker, introduced by the hon. member for Kootenay West (Mr. Herridge) has some merit. I understand that the hon. gentleman has, time and again, sponsored a bill to amend the Criminal Code in order to impose heavy fines on all who are found guilty of polluting interprovincial waters. This was one way of forcing private individuals, incorporated bodies and municipalities to improve this grave situation. Although his bill never passed second reading, I congratulate the hon. member on his past efforts.

The hon. member's new notice of motion is very good, but I must remind the house that the problem of pollution is now scattered over too many departments. By this I mean that we have now the international joint commission, which is made up of an advisory board on control of pollution of boundary waters. This board has four representatives in the United States, two representatives from Canada, four from the state of Michigan, three from the state of New York and three from the province of Ontario. The three representatives of Ontario are connected with the Ontario water resources commission, and the two representing Canada are connected with the Department of National Health and Welfare. The boundary waters concerned are the great lakes and part of the St. Lawrence river.

We have also many other federal departments concerned with this matter. Two other federal departments which are concerned with the pollution problem in Canada are Northern Affairs and the Department of National Revenue. In the past, the Department of Public Works, through Central Mortgage and Housing Corporation, provided financial aid to municipalities through the National Housing Act. This act assists municipalities in the construction of sewage disposal plants and trunk sewer systems which have a direct relationship to the treatment project. At present, this responsibility comes under the Department of National Revenue.

We have other laws that cover certain aspects of pollution which are related to other departments such as justice, transport, fisheries, public works, etc. The control of the pollution of water is a matter which is dealt with extensively under the law. In addition to the laws already referred to, there are others by virtue of which any person responsible for the pollution of water is liable to be prosecuted. These laws are the Criminal Code, the Fisheries Act, the federal Navigable Waters Protection Act and the Canada Shipping Act. Finally, the Supreme Court of Canada and the common law of the United Kingdom have always declared that riparian owners who complained of pollution were in the right.

Here are a few excerpts from the legislation referred to as found in the Water Purification Board Journal of the province of Quebec:

Criminal Code of Canada

> A common nuisance is an unlawful act of omission which ... endangers the lives, safety, health, property or comfort of the public or by which the public are obstructed in the exercise or enjoyment of any right common to all Her Majesty's subjects.

Fisheries Act

> No one shall throw overboard ... or cause to be thrown, left or deposited upon the shore, beach or bank of any water ... or in any river, harbour or roadstead or in any water where fishing is carried on ... or on the ice over either such water or at a place from which it is likely to be carried into either such water ... ballast, coal, ashes, stones ... remains or offal of fish or of marine animals ... lime, chemical substance or drugs, poisonous matter, mill rubbish or sawdust of any other deleterious substance or thing, whether the same is of a like character to the substances named in this act or not.

Federal Navigable Waters Protection Act

> No person shall throw or deposit ... any stone, gravel, earth, cinders, ashes or other material or

Suggested Water Pollution Control Division

rubbish ... in any tidal waters ... or non-tidal waters ... no owner or tenant of any sawmill ... shall throw or cause to be thrown any sawdust, edgings, slabs, bark or rubbish of any description whatsoever into any river, stream or other water, any part of which is navigable or which flows into any navigable water.

Sections of the Canada Shipping Act have been designed to prevent the pollution of water by ships discharging oil from their bilges. I continue to quote:

Supreme Court of Canada

The proprietor of riparian lands has a right ... to the flow of water through or by his land in its natural state, and if the stream is polluted by an upper riparian proprietor, the lower proprietor may maintain an action ... for damages.

It is no defence to the person who pollutes to show that the waters were already polluted by other persons. Nor is it a defence that the pollution is the result of business operations carried on in a proper manner and that the business is important to the community.

The rights of riparian owners have always been zealously guarded by the courts. The origin of the common law applicable to this subject goes back and beyond the Roman law.

Common Law

In common law a riparian owner (that is, an owner of land on the banks of a river or stream) is entitled to expect that the water in the river shall flow past his land neither diminished nor increased in amount and without sensible alteration to its natural quality. A riparian owner is therefore entitled at common law (and quite apart from statute law) to take proceedings in the civil courts against any person or body causing injury, interference with the flow of the stream or by polluting its quality.

Thus a riparian owner has only to prove that his right to have the water in its natural state has been infringed to order to succeed in an action; he need not prove actual damage.

Under common law, therefore, almost any water added to a river or stream constitutes pollution.

In other words, Mr. Speaker, it is definitely unlawful to pollute any waters in Canada. However, it would cost the individual a tremendous amount of money in legal fees to enforce this provision. Personally, I feel that the various health departments and other related departments in all the provinces are to blame for the situation that exists today. It is through these departments that permission has been granted to municipalities and firms to dump raw domestic and industrial waste into our lakes and rivers. The various provincial departments have given this permission in past years when most municipalities drew drinking water directly from lakes and rivers by pumping stations without filtration. After epidemics occurred in various areas in Canada in the 1930's, some of the provincial departments issued ordinances to many of the municipalities to build filtration plants for the protection of health. If at that time orders had been issued to build sewage disposal plants, the cost of filtration would have been less and the pollution probblem would not exist today. In spite of the laws that have been in existence for so many years, the provincial departments have closed their eyes and have given permission to pollute waters.

I should like at this moment, Mr. Speaker, to explain a situation which exists in lake St. Louis. The beautiful greenish clear waters of the St. Lawrence river and the mucky, brown polluted waters of the Ottawa river enter lake St. Louis at Ste. Anne de Bellevue and Ile Perrot. There exists a distinctive dividing line between the clear, greenish waters on the southern side of the lake and the mucky brown on the northern side which extends from west to east for the entire length of the lake.

All the municipalities which operate filtration plants on the island of Montreal draw this mucky brown polluted Ottawa water except the city of Montreal. The city of Montreal several years ago, spent millions of dollars to extend their intake pipe across the river to reach the clear greenish St. Lawrence waters. The drinking waters of the city of Montreal are of better quality, both by clearness and taste, than that of any other municipality on the island.

All other filtration plants which draw Ottawa waters have to have their filter basins cleaned about seven times more often than that of the filtration plant of the city of Montreal, and also use a very high percentage of chlorine which is self-evident by the taste, compared to that of the drinking water of the city of Montreal. It would cost the municipalities of Pointe Claire, Dorval and Lachine millions of dollars to extend their intakes to the clear waters of the lake, and even if they intended to extend these intakes, the pipes would have to cross the Department of Transport shipping channel. I believe that permission would be difficult to obtain because of damage that may occur from ships.

The reason that we must purify all our lakes and rivers is not solely because of the municipal filtration problems but because of public demand; reasons of health, reasons of aqua life and fishing sports, reasons of bathing beach operations and boating, etc. I believe that the federal government should not make this a confusing problem. To solve this situation, costs should be divided at a ratio of one third federal, one third provincial, and one third municipal for all projects involving water purification, and in addition to this, for all projects where municipalities wish to proceed with building public parks with beach and marine facilities.

The federal government operates many national parks where very few Canadians have the opportunity to go, and I sincerely

believe that it should aid in providing these facilities close to the people who cannot go to Banff or Lake Louise.

Grants for parks with beach facilities should be applicable not only to the building of beaches but also for the expropriation of land for this purpose. The sooner the federal and provincial governments move in this direction the sooner the pollution problem will be taken more seriously.

It will not be solved by another study commission or a division of a department. If the federal government wants a study made on pollution, then all it has to do is issue an order to the research council to study immediately all aspects of pollution in Canada. It is as simple as that; and let us here in this house stop making things too complicated, by forming another board, another department, another commission.

As to the study of water purification in the province of Quebec, this study has been neglected for many years. Dr. Kirkland, who was a member of the Quebec legislative assembly for Jacques Cartier riding for 25 years sounded the alarm amongst the public about the plague of water pollution. Each year at each session he brought the subject up, but not until the year 1960, when the Liberals took office under the fine leadership of Premier Lesage, was action taken.

Premier Lesage gave Dr. C. A. Kirkland the task of settling this problem. In spite of his failing health, Dr. Kirkland proceeded with bringing forward bill 88, which created the water purification board. He postponed from day to day his trip to a Boston hospital by continuing his discussions with Premier Lesage and putting finishing touches to bill 88, so as to have it ready for the coming session. He has fallen victim of his duty, and the population of Jacques Cartier, for whom I am the federal M.P., are grateful to him for his endeavours.

The legislative assembly of Quebec gave unanimous approval on June 1, 1961 to bill 88. Hon. C. A. Kirkland passed away on August 8, 1961. He was succeeded to the legislative assembly by his charming daughter, the Hon. Claire Kirkland-Casgrain, minister of state, who was the first woman ever elected to the legislative assembly in the province of Quebec.

I am proud to add that I was one of her staunch supporters. Last year, Claire Kirkland-Casgrain organized all the 17 municipalities in my riding to form a vigilante committee. Despite the intentions of municipalities to build treatment plants, we went a step further and asked municipalities to pass by-laws which will prevent shore pollution, by prohibiting individuals from dumping any foreign matter into the lake. When I see each day that large industry behind the parliament buildings polluting the Ottawa river, and this pollution reaches lake St. Louis, one wonders whether all our efforts were in vain.

This piecemeal system of prevention, and the many laws related to pollution, are not enough. What we need is finance, financial participation of one third federal, one third provincial, one third municipal, and not another study group of functionaries. We are always conscious of the difference between the inflow and outflow of money between Canada and the U.S.A. The island of Montreal is surrounded by water which is polluted. Each week end during the summer months, thousands of Canadians leave the Montreal area for the beaches in the Plattsburg-Burlington areas, because there is no safe place to swim in the Montreal island area. This situation causes an outflow of millions of dollars, which is detrimental to our balance of payments, and which could be partially resolved by quick action. By that I mean federal financial grants of one third for sewage purification plants and related sewer systems and for parks, with beach and marine facilities.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I just have a few words to say on this important matter, and one of the considerations which draws me into the discussion is to congratulate the hon. member for Kootenay West (Mr. Herridge) upon his persistence and perseverance in this vital renewable resources area. Over the years he has introduced this resolution, dealing with conservation generally, and now specifically with the problem of water pollution. He and the hon. member for Prince Albert (Mr. Diefenbaker) have been pioneers in this conservation area. I suppose one could call them good Conservative conservationists.

However it does provide us with an opportunity once again to give attention to what is perhaps one of the most critical problems in the whole area of renewable resources. As a result of the difficulties in considering our rich heritage of resources we, as I have said many times before in this house, brought together the resources for tomorrow conference in 1961, which had as its basic focus the necessity for the wise management and multiple use of renewable resources. It cannot be repeated too often across the country that that conference charted a whole new course in this very difficult area.

The previous speaker mentioned the essential difficulty resulting from the problem of divided jurisdiction. Our resources, including water resources, belong to the provinces, and down through the years in a federal state we have had the drawback of log rolling, Ottawa throwing the problem to an individual

province and the province in turn throwing it back to Ottawa. Nothing was done until we held the resource conference in 1961. I am sure the hon. member who is sponsoring this resolution is aware of the buck-passing technique which delayed action on his perennial motion, for example. Some encouraging action and progress has been made in recent years and, legislation already exists on the statute books dealing with this difficulty of divided jurisdiction. The most important act in this respect is the Canada Water Conservation Act which provides for federal participation in major water control measures, participation of up to 33⅓ per cent. The usual formula results in participation by the provinces to the extent of another 33⅓ per cent, leaving the rest to be handled by the municipal authorities. This act has been on the statute books for a number of years—at least ten, I believe—but was only used in recent years. In late years several major water control programs based on the wise management and multiple use principle have gone forward in Canada. I refer to the metro-Toronto water control program, which is a multi-million dollar scheme. Any province can participate on this scale if the province itself is willing to seize the initiative, because the federal legislation is available. It is up to the province to effect intragovernmental co-ordination among the departments at the provincial level, having co-terminus jurisdiction in the resource field.

Then, of course, the sewage disposal legislation has gone a long way to dealing with the immediate problem of pollution of our water by reason of the disposal of raw sewage.

I think the most promising development, however, in this field is the resource ministers council. This is just under way and, if it continues to make the progress that it has made during recent months, it will be a most useful organization in resolving this perpetual difficulty of divided jurisdiction in a federal state.

I agree with the previous speaker that we do not need any more boards; we do not need any more government departments. We do not need any more conferences. I think it will be agreed that the resources for tomorrow conference, with the three volumes which resulted from the deliberations, will provide enough grist for the resource mill at all levels of government for many years to come. To refer to the resource ministers council, which came into being a year ago last September at a meeting in the city of Toronto, this council represents a new type of federal-provincial co-operation in that it stresses the spirit of co-equality. While the federal minister is represented he is, to use a phrase that was frequently referred to during the preliminary stages of formation of the council, co-equal with his provincial counterparts serving on the council. In other words, it gets around the difficulty that always arises from federal-provincial programs, where the provinces feel they are being pushed around. How many times during recent years, during the very active period of co-operative federalism, have we heard protests from provincial governments that Ottawa is intruding itself too directly into the affairs of a province because of these participating programs. I feel that the genius of the resource council is simply that it places the participating ministers in the position of co-equality.

We have been assured by the minister of northern affairs that the next step forward is about to take place. This is the setting up of a secretariat which will work with the council of ministers to do the necessary research and provide the background of information that is needed, because of inadequate research hitherto, in all the renewable resource areas. Pollution, for example, could be referred to this secretariat; they would be the research centre and the sounding board that could exhaustively examine the problem, and on the basis of their conclusions the governments concerned could take action.

I think the present executive set-up of the council is most auspicious in this respect. It is going to establish its headquarters in Montreal; it will be the first perfectly bilingual governmental agency. It is neither a federal body nor is it a provincial body; it has equal responsibility to both these senior levels of government. The principle of a rotating chairmanship has been adopted. This is also an excellent idea because, while the federal minister started out as the chairman of the resources for tomorrow conference and while he continued as the chairman of the co-ordinating committee of ministers that emanated from that conference, the decision was made to get away from this tendency on the part of the provinces to feel they are being pushed around by Ottawa, by having a rotating chairmanship. The first chairman after the federal minister, who had chaired the pre-conference steering committee and the post-conference provisional committee, was the resource minister from Ontario, the Hon. Mr. Spooner, and the current chairman is the Hon. René Levesque who has co-operated in all respects during the organizational stage of this important resource ministers council. He will be followed, I would presume, by the minister from Prince Edward Island; and

eventually on the basis of this annual rotational system every provincial minister will have the opportunity to chair the council. I sincerely trust, Mr. Speaker, that a general secretary of the secretariat will soon be appointed. It was encouraging to hear from the Minister of Northern Affairs and National Resources (Mr. Laing) that some excellent candidates have applied and their applications are now being processed. I am sure that before very long we will have a permanent secretariat operating with the resource ministers council and this council, in the days that lie ahead, will make a major contribution to resolving the problems that are dealt with in this excellent resolution.

Mr. L. T. Pennell (Brant-Haldimand): Mr. Speaker, I should commence by expressing my commendation of the hon. member for Kootenay West (Mr. Herridge), who once more has demonstrated his unflagging zeal and enthusiasm to protect one of our priceless national assets, the streams and lakes of this country. There are, as I see it, two aspects of the resolution which is before us. In the first place the resolution deals with the necessity for research and survey. I believe—and I say this with great respect for the hon. member for Kootenay West—that we should co-ordinate with this resolution an executive body that can enforce the findings of such research and survey. I realize this may take us into the jungle of constitutional dispute.

As I understand the law, sir, there is power vested in the dominion government under the criminal law, and with regard to health and safety, to make prohibitory legislation. I realize the right of prohibition is of course not the same as the power to regulate. I realize, also, that within the province there can be no dispute about the provincial power to regulate in regard to provincial streams. But we are dealing in this resolution with the question of interprovincial streams and lakes and there is then the question as to whether the power of the provinces remains unimpaired in this regard.

There are many interests concerned in this resolution. There are the riparian owners; there are the rights of fishermen, casual and commercial; the rights of municipal authorities and the federal parliament. Living as we do in this industrial age I believe it is inevitable that we accept that trade effluent will be discharged in our streams and rivers. It follows, logically, that we must take full necessary steps to treat these effluents adequately. I would recommend to this house that we adopt the example of the United Kingdom where, as I understand it, a water control division has been set up to ensure that no one can discharge trade effluent into a stream or a body of water without permission from the water control board. Firms must submit a written application stating the amount of effluent they propose to discharge, the maximum daily amount and the anticipated amount over a year. The board then considers the flow of water in the stream, the nature and the quantity of the effluent and other related factors before deciding whether or not to grant a permit. A permit cannot be unreasonably withheld and there is a right of appeal to the courts if a board makes an unreasonable decision.

I suggest we must permit elasticity in the standard of purity or pollution which may exist not only in various streams but within the stream itself, in various parts of its course. The same standard of purity cannot be maintained in an industrial part of our country as could be expected in sparsely populated regions. So the problem is twofold. We must try to maintain the purity of those streams which have not yet been polluted and we must attempt to restore those waters where pollution has already taken place. I suggest we must have an executive body with adequate powers for these purposes and I believe such a body could be set up by agreement with the provinces. This may require the provincial governments delegating certain of their powers with regard to interprovincial streams and that, of course, raises the question of the British North America Act. I am convinced the whole matter of pollution control must proceed in a spirit of co-operation, good will and patience. It is going to take a good deal of money to clear up the rivers, streams and lakes of this country.

I trust the house will forgive me if I mention a constituency point. I am speaking about the necessity of constant surveys. It often happens that streams and waters are polluted, and those using them do not realize it. For many years that part of lake Erie which abuts the riding of Brant-Haldimand was a source of supply of valuable whitefish and pickerel in commercial quantities. Then, almost overnight, the fish disappeared and today we can only catch perch in these waters—a fish which does not offer a profitable return to our fishermen. Had adequate research been carried out and regular surveys been conducted, this pollution would have been detected before it had accomplished this destruction.

I said a while ago that there had to be good will and co-operation in this matter of attacking pollution. The government has before it at the present time a program designed to encourage industry to go to areas where there is high unemployment. If we initially impose upon industry a high standard of

sewage treatment, should they relocate in accordance with this program, a high capital outlay would be required. This might well discourage such firms from helping the government to achieve its purpose by moving industry into depressed areas. I would respectfully suggest that the government should consider granting tax incentives to industries required to make substantial capital outlay on treating effluents in order to maintain the purity of our water.

I do not propose to trespass further on the time and patience of the house. I will only say, once more, that this will take co-operation, good will, a great deal of money, above all, patience.

(Translation):

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I should like first of all to congratulate the hon. member for Kootenay West for having introduced a motion which is of major importance for us. It is to be hoped that the government will give immediate consideration to the delicate question of water pollution throughout Canada, in the province of Quebec and especially in the riding of Roberval. The government has a fine opportunity there to make a truly efficient agency of the national resources council.

Each province has its special problems in that field and it seems to me that if selected representatives from each province were appointed to form an advisory board, the latter could increase the efficiency of the future council by setting out very precisely what its functions will be.

Also, the government might very well set up another commission which would simply join the hundreds of commissions and committees already set up by the previous and by the present governments.

At the present time, we have so many commissions covering the water problems, that we do not know where to direct representations.

As far as I am concerned, I have been endeavouring for the past four years to denounce a corporation whose activities are detrimental to a whole region and I still do not know where to address my complaint. Let us stop setting up commissions to create jobs for party supporters. Let us concentrate our efforts on a responsible agency where we can gather all the required factors to attain our object: the control of pollution in all rivers and streams under federal jurisdiction.

I said "under federal jurisdiction" because as you know, distinctions are the order of the day. Indeed, if we resorted, even for a laudable motive, to the national resources council in order to encroach upon provincial prerogatives, I would not be in agreement.

When it is said that the new division will have the powers and funds required to institute research programs, collect, collate and analyse water control data and to co-ordinate the water pollution control objectives for the provinces, it should be noted that the future council will be composed of federal appointees. Those are hardly defenders of provincial interests. As for the required funds—

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business having expired and it being six o'clock I do now leave the chair.

(Text):

May I remind hon. members that pursuant to the order made on Friday last, when this house resumes at eight tonight it will revert to motions.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Speaker: Pursuant to special order made July 5, 1963, the house will now revert to motions.

FINANCE

SUPPLEMENTARY STATEMENT BY MINISTER OF FINANCE ON BUDGETARY PROPOSALS

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I should first like to thank hon. members for allowing me to make this statement at this time.

Since the budget was brought down on June 13 the government has received representations and suggestions for changes from members of all parties in this house and from many people outside. The old saying that only he who wears the shoe knows where it pinches has always been as true of taxes as of most things. The complexity of modern business and, therefore, the complexity of modern taxation, has made it increasingly difficult for governments to foresee all the administrative problems and all the consequences of tax changes. Detailed information, from those affected, can be secured only after the proposals have been made public. No government and no minister of finance should be reluctant to reconsider and revise proposals if public discussion shows it to be desirable.

Some hon. Members: Oh, oh.

Mr. Gordon: I might say that there are, of course, many recent precedents for so doing.

On this occasion I acknowledge with gratitude the representations and suggestions that have been made. All have been carefully considered. Some are good ideas which I am glad to act on. Therefore, on behalf of the government I am proposing to table tonight revised resolutions on the Income Tax Act and the Excise Tax Act to supersede those tabled on the night of the budget. In part, what the revisions do is to clarify the budget proposals and improve them in detail. For example, we had recommended that sales taxes would not have to be paid by the purchaser under a fixed-price contract; it should have been made clear that a binding tender, submitted before the budget, would also be regarded, if accepted, as equivalent to a contract.

There is another administrative change of a similar kind. We had proposed to set a time limit of 12 months—that is, until June 14, 1964—before which deliveries of building materials, machinery, etc., under existing fixed-price contracts must be made in order to qualify for refund of sales tax. Although that time limit is adequate in the majority of cases it is not unreasonable, I think, that it be extended to December 31, 1964.

Information received from various industries since the budget was delivered makes it clear that the exemption from sales tax on materials consumed or expended in a manufacturing process should be continued. The tax would bear inequitably on many manufacturing enterprises and on the printing and graphic arts industries. The resolution has been modified accordingly.

It has also been revised to operate more fairly as between those who construct buildings on the site and those who manufacture pre-fabricated buildings or certain pre-fabricated components of buildings.

A different type of clarification in the income tax resolution concerns the question of appeal, which was raised early in discussion in this house. It is the government's intention that the powers sought in order to prevent "dividend stripping" and the use of associated companies to reduce tax should be made subject, in the bill, to appeal to the Exchequer Court. This has been incorporated in the resolution.

Mr. Diefenbaker: Is this the final version or the authorized version?

Mr. Gordon: I should also refer at this point to the provision for pipeline companies to deduct exploration expenses. The date set was chosen to keep the law as simple as possible, not to provide retroactive benefits. But since this has been questioned, and to make certain there will be no retroactive benefits, the provision will apply only from the date of the budget.

There is one other substantial clarification proposed. This concerns the definition of the degree of Canadian ownership which will entitle companies to deduct a lower rate of non-resident withholding tax and to take 50 per cent depreciation for certain new assets. The proposed definition has been changed in a number of ways. The requirement that 25 per cent of the company's directors shall be Canadians will not come into effect until 1965 and will be broadened to include resident officers of the corporation. Moreover, to give greater stability the status of the corporation will be determined by the ownership of its shares in the 60 days immediately preceding its taxation year. And, to meet the cases of corporations with widely-spread ownership who would have great difficulty in determining the beneficial ownership of shareholdings, they will be able to qualify if their shares are listed on a Canadian stock exchange and not more than 75 per cent of the voting stock is owned by a non-resident shareholder or others associated with him.

This requirement provides for a substantial minority interest, available to Canadian investors, as a counterweight to a controlling group with interests outside Canada.

Now, in addition to these clarifications, the government proposes that two changes of substance will be made in the excise tax resolution.

The first of these concerns schools and universities and similar educational institutions.

Mr. Lambert: This is not decision, it is capitulation.

Mr. Gordon: It is proposed that materials used in their construction will continue to be exempt from sales tax, in effect, by the refunding of the tax on a basis similar to that followed in the case of hospitals.

The issues involved in a decision such as this are extremely difficult ones for a minister of finance. Any tax produces hard cases. It is often tempting to think that we should deal with them by allowing an exception. But if we should follow that impulse we would in no time end up with a tax system which is too complicated to be administered well, and which does not produce the revenue needed.

For this reason, if exceptions and exemptions are allowed to go too far, they do more harm than good.

Nevertheless, after careful reconsideration I think it right to make such an exception in the case of schools and universities. Their need for new buildings is so great, they are

of such importance to the future of Canadians, and the sources of finance available for their construction are already so strained that they are a very special case indeed, and one that, on reflection, I believe should be recognized.

The second change that the government proposes is one that has, in the short run, a considerable effect on the revenue that will be raised. I should therefore remind the house of the objectives of the budget which was presented on June 13th.

It is, first of all, a budget designed to encourage production and employment. To achieve those purposes we must accept a deficit while our economy expands. But if we are to have full employment and economic growth, not only in the short run but on a sustained basis, we must reduce the excess of our current payments to other countries over receipts from those countries. Such excess expenditure abroad does not produce any employment in Canada. That is one reason why we must export more and compete more effectively against imports.

Moreover—and this is the second main objective—we must take positive action to safeguard the Canadian economy against an ever-increasing and excessive degree of ownership and control outside this country. This must be done while we continue to treat fairly the foreign investors who are making—and, I hope and believe, will continue to make—an essential contribution to the developement of our country.

These objectives cannot be gained without maintaining confidence in our economy and our finances. For that reason, we cannot contemplate an indefinite series of budget deficits. It must be clearly established that our fiscal policy and measures are so designed that, when other forces are strong enough to cause the economy to operate close to its full capacity, our budget will be balanced.

These are the interrelated objectives of the budget. They are not simple or easy. But I think they are objectives to which most responsible people will subscribe.

They mean that, in present circumstances of production and employment it is reasonable to budget for a substantial deficit. But they also mean that the government must take definite action to reduce the deficit as production and employment increase. That reduction will not come about quickly enough solely through the natural expansion of government revenues. The growth of Canada implies growth in our expenditures also. Many of the new programs which Canadians clearly want for their well-being, and which are needed for economic expansion and the creation of more jobs, will require increased expenditures next year. We must be in a position to meet those needs. We must therefore provide for new sources of revenue, especially for revenue that will come to us next year.

I have explained to the house why removal of the exemption from sales tax on building materials and machinery is, in my opinion, the least objectionable source of additional revenue.

At the same time, the evidence that has been presented makes it clear that the sudden imposition of the tax at the rate of 11 per cent would have a very sharp immediate impact on some industries. Of course, there are always objections to raising any tax, even from many of those who feel most strongly that the budget should be balanced. The government cannot accept such pleas to eliminate the tax. But full consideration of the arguments suggests that the timing of the extra taxation can be adjusted in a way that will synchronize with the needs of the economy over a longer period.

It is proposed, therefore, that the tax will come into effect in stages. The rate charged from June 14th will be 4 per cent. This will continue until 31 March next year. The rate will then be raised to 8 per cent and will continue at that level until 31 December, 1964. After that the final 3 per cent will be added.

Refunds will be made to those who, during the period from June 14 until tonight, have actually remitted sales tax at the full rate on goods they have sold or imported that were previously exempt.

The graduation of the tax will have two effects. First, it will give people time to adjust their affairs, to absorb the impact of the tax in the most convenient way. Second, the graduation of tax rates will provide an important incentive to people to proceed with construction and other investment projects now.

The total result of the revision in the resolutions will be to reduce revenues, compared with the estimate I made on June 13, by about $115 million in the remainder of the current fiscal year. For the full fiscal year 1964-65 we estimate that the additional revenues previously forecast will now be $125 million less.

As Minister of Finance I regret the loss of revenue during the next 18 months but I believe that on balance the changes now proposed will be helpful. They do not alter the objectives of the budget. They will improve its immediate economic effect and stimulate expansion and employment. The resolutions I am now tabling contain the details of the changes I have mentioned and some minor or consequential changes I have not mentioned. I would propose they be

printed in today's *Votes and Proceedings* for the convenience of hon. members, that is the amendments which are proposed in the budget resolutions.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, somebody has just told me to say something to the minister about bookkeeping but I only took a simple course when I was going to high school and I was plucked. Therefore I do not think I am in a position to pass judgment on the substantial changes which the Minister of Finance has made in his bookkeeping arrangements tonight. We will deal with them at a later stage. I am sure my first words are ones which all members of the house will echo. I express our satisfaction and our pleasure in seeing the return to this chamber tonight of the right hon. Prime Minister (Mr. Pearson). We have been concerned about the fact he has been out of the house, sir. We are glad to see that he has returned, apparently as good looking and just as much the picture of health as he was before he left this chamber.

There is another reason, too, why we on this side of the house welcome his return to this chamber this evening. Some of us have felt that possibly the Minister of Finance (Mr. Gordon) has been blamed unduly and unjustly for many of the provisions contained in the budget which he presented to this house. We are, therefore, happy to see the Prime Minister back here tonight to accept responsibility, on behalf of the government, for the budget.

Mr. Pearson: I rise on a matter of privilege, Mr. Speaker. I should like to thank the hon. member very sincerely for his kind words and to add that as the leader of the government, I am happy to accept responsibility for every member of my cabinet.

Mr. Nowlan: I can assure you, Mr. Speaker, and the Prime Minister that our welcome is none the less sincere because he has now recognized, and picked up this burden which some of us were afraid, and certainly some of his colleagues and some of his members were hopeful, was one from which they would be dissociated. Now, we know upon whom responsibility should rest. We are glad to know, too, that the Prime Minister has had this opportunity to rest because certainly he will need it if he is to achieve some degree of efficiency in the operation of a government which is so obviously collapsing, as is the present government.

Now, Mr. Speaker, after those pleasant and complimentary remarks, may I refer for a moment or two to a statement which has been made by the Minister of Finance? It is a rather unique situation, Mr. Speaker, in which we find ourselves tonight. We all remember, of course, the night of June 13 when the budget was introduced. We remember the firm statements which were made by the then minister—I am sorry, that was a slip—by the Minister of Finance, when he said that his party, the government, welcomed the budget, which was a matter of definitive accounting, was a matter which should not be delayed any longer. This was an occasion when the government must outline its short term and long term economic and financial policies. Above all, Mr. Speaker, it was an occasion to institute a grand scrutiny by the parliament of the nation. Certainly we have had a grand scrutiny. Even Napoleon, in his retreat from Moscow, never returned quite so far or quite so fast as the Minister of Finance.

The Minister of Finance said that this was a firm, definitive non-partisan treatment—remember, he was absolutely non-partisan. He said on that night of June 13, which was after all only a month, roughly, give or take a few days—I suppose the Secretary of State (Mr. Pickersgill) will check my arithmetic and tell me if I am wrong; he was wrong a few days ago, but I will not remind him of that—that this was an occasion which should not, must not, be avoided or delayed. Certainly, his advice to the house should have been accepted by him.

What have we had tonight? The first chapter of the first book of Gordon was the budget speech on June 13. Then, we had the chapter by the Minister of National Revenue (Mr. Garland), defining what was undefinable in the budget. Then, we had the withdrawal of the excise tax on the sales of securities. Tonight, sir, we have the fourth chapter of the budget. Canada has never seen anything such as this before.

An hon. Member: No budget for two years; you did not bring in a budget at all.

Mr. Nowlan: I am glad to get that remark. Somebody sitting over there said, "You did not bring in a budget at all". I am glad to have that interruption, Mr. Speaker, because I forgot to mention this in the original debate on the budget.

Some hon. Members: Oh, oh.

Mr. Nowlan: I have been twitted from time to time about the fact that I might be the only minister of finance in Canadian history who has never introduced a budget. I am not sure whether or not that is a historical fact. However, Mr. Speaker, I would say this to the house and to the nation: I would much rather be the minister of finance who never brought in a budget than be the minister of finance who brought in the worst budget.

Statement on Budget Proposals

The situation with which we are confronted tonight, Mr. Speaker, is one which has never happened before in the House of Commons. The house has had to dispense with the ordinary business with which it would have been dealing at this time, and we have had to agree unanimously to postpone the business so the Minister of Finance could explan the inexplicable, define the undefinable and bring forward, as I said, the fourth chapter in the budget. This is certainly something that has never happened in the House of Commons before.

It is not unusual, as all of us who have been here for some time know, for a minister of finance to introduce amendments to a resolution or two, which he has introduced in his budget speech. Sometimes he has done this during the course of a budget debate. Sometimes he has done it during discussion on the budget resolutions. Usually, these changes have dealt with minor, technical matters. Once or twice, I think, in Canadian history budgetary changes have been made. I remember one former minister of finance from my own constituency who introduced a resolution dealing with the tariff on steel pipe. He withdrew that, but this related to one resolution.

Mr. Pickersgill: Your predecessor withdrew a whole tax.

Mr. Nowlan: The tax on steel pipe; but if my hon. friend the Secretary of State wants to indulge in an argument with me on procedure, I would be glad to remind him of various discussions in various debates that we have had from time to time. I am sure the hon. gentleman does not want to indulge in that program tonight.

As I have said, the budget came down on the night of June 13. Then, we had the withdrawal of the 30 per cent excise tax on securities, which was a very serious withdrawal. I think the Minister of Finance would have admitted, prior to that night and prior to the revulsion which arose in this nation, this 30 per cent excise tax went to the very heart of his budget. He withdrew it under substantial pressure from this nation.

Then we had the Minister of National Revenue standing up, with that beatific smile on his face, explaining what was not intended to be covered by the budget brought down by the Minister of Finance, that this item and that item and the other item were going to be excluded and were never intended to be covered by the budget. Then tonight, Mr. Speaker, as I have said, we have a discussion of the whole budget, not of an individual item or one or two matters. For the first time since Canada became a nation in 1867 we have had a minister of finance review his whole budget and explain that this was misunderstood, that was unworkable, this was administratively difficult, and that should be postponed.

We have had a discussion of the budget. First we had the budget speech itself and then we had an amendment moved by the official opposition. We had a debate on that and we had a division. On the division one party, the Social Credit party, frankly supported the government and voted against the opposition, against us, on the amendment. The other party further to our left did not vote, and I was somewhat reminded of a certain president of a certain country who many years ago said he was too proud to fight. I think on that occasion the party to our left were too proud to vote. In any event they did not vote. But the fact remains that the official opposition voted against the budget and parliament, after that division and over the protests of the opposition, accepted the budget. Now, what do we have?

We have the Minister of Finance coming into the House of Commons tonight. As I said, I do not blame him too much. He was put in an absolutely impossible position, in the time limit imposed, in the way he was circumscribed and in the instructions which undoubtedly he received from the government of which he was an honoured member. We are not particularly criticizing him at this time, although obviously he has to take a great deal of the responsibility.

Now, Mr. Speaker, we are having this debate tonight, not on any formal motion, I would suggest, but by the unanimous consent of the House of Commons to revert to motions so that the Minister of Finance might attempt to explain what had been unexplainable and not understood heretofore by the people of Canada. We all know that the word "motions" appearing in our rule book is a catch-all phrase which enables a government, ministers of the government, those sitting on the treasury benches, to make explanatory statements, usually about matters which have not yet been before parliament itself. Indeed I think this is the first time in the history of parliament when we have had "motions" used to enable the Minister of Finance to deal with substantive motions which had already been dealt with by parliament. This, sir, I say is an affront to parliament, and it is by a party which talks about its loyalty to parliament.

I suggest to you, sir, without indulging in any partisanship whatsoever on this very non-partisan occasion, that when the history of this parliament is written on the occasion of the centennial which is only a few years away—

An hon. Member: You won't be in it.

Mr. Nowlan: Well, I cannot give an assurance of what Divine Providence will do to me or any other hon. member here, but I can say if any budget is being brought down on that occasion and if the present Leader of the Opposition is prime minister and asks me to bring it down, then I will be bringing it down on that occasion.

As I have said, Mr. Speaker, I think some consideration should be given to whether or not this is an affront to parliament itself, parliament having debated the budget during the regular period, having considered amendment and having finally, rightly or wrongly, made its decision. Then tonight we have statements brought in of such an order and of such a nature that I certainly do not propose to deal with them in any detail at this time.

If anything, this shows confusion and disorder on the part of a government which was going to give us decision and firmness in parliamentary procedure. After all, without getting too technical, the Minister of Finance admits in his statement—and I give him full credit for it—that the balance of ways and means is substantially affected by the statement which he has now brought in. It is reduced by the order of $150 million, according to what my right hon. friend, the Leader of the Opposition, whispers to me.

I would suggest to you, sir, and I draw this particularly to the attention of the house leader, the Secretary of State, that there have been previous occasions when other ministers of finance, not of the government opposite but in the relatively immediate past, attempted to give statements with respect to the financial transactions of the government. Mr. Speaker, you of course being non-partisan and impartial, and not remembering any debate that goes on from one day to the other, could not be expected to recall these things; but even the Prime Minister, and the Secretary of State—in one of his non-partisan moments, if there are such moments—might remember when I attempted to deal with financial affairs affecting the economy and I was told never to do it on motions, but to go into ways and means. I was told that this might affect the balance of ways and means, and the only way it could be done was through a motion that you, Mr. Speaker, leave the chair and that the house resolve itself into committee of ways and means.

My immediate predecessor, the former hon. member for Eglinton, was confronted with this argument; but tonight, by the co-operation of the members of the opposition and entirely contrary to all rules respecting fiscal controls of this nation, we have had a debate on motions which should only have been countenanced on a motion that you, Mr. Speaker, leave the chair and that the house resolve itself into committee of ways and means.

After hearing the statement of the Minister of Finance tonight, it is obvious that this whole budget should have been withdrawn. Indeed to all intents and purposes it has been withdrawn. It has been staggered. The days of its coming into effect have been postponed, and there has been one step after another to alleviate the burdens which were imposed by the budget. Tonight we have a situation where the only way in which the government should have cleared up the situation would have been to bring in a new budget, to withdraw the old one, and have a motion put that you, sir, should leave the chair and that we should have a committee of ways and means.

An hon. Member: What about the surcharges?

Mr. Nowlan: Mr. Speaker, there is a feeble voice over there obviously in fear and trembling of what is going to happen to him in the next election, but anything about the surcharges will pale into insignificance compared with what happened during his budget debate. There is no question about that. And speaking about withdrawing the budget, obviously I would take it that after the Prime Minister has come into the house and staked the fate of the government on the stature and status of the Minister of Finance, we can assure that the government is not going to withdraw the budget. But if they were not going to withdraw it, then it is obvious what should have been done; and why it was not done, even though it is inconceivable, is possibly because the Secretary of State or else the Minister of Finance could not arrive at a decision as to what they were going to do. And remember, Mr. Speaker, this is the government that had all the answers for all the decisions. Why did they not bring in the resolution the week before last? That was the time we should have been dealing with these matters, not tonight. No one knows that better than the Minister of Finance and the Secretary of State. Of all the irregular procedures to which the House of Commons has been subjected since confederation, this is the worst. We could have had, and we should have had, once the budget debate was over, if there were decisions to be made and if this government is capable of making a decision, the various resolutions affecting income tax, excise tax, and the various resolutions which are contained in the budget. These could and should have been dealt with. Then we would have had a determination by the House of Commons and by parliament, and we would have had resolution and determination instead

of waffling and indecision such as this country has been subject to since June 13 last. The government having decided on this course, I simply say this, and I do not want to take up too much time—

An hon. Member: Hear, hear.

Mr. Nowlan: Well, I will take up more time on the resolutions—

Some hon. Members: Hear, hear.

Mr. Nowlan: —and the country will take up more time in considering the new resolutions which are before us tonight. It is going to be a long day and a longer night before these resolutions are finally passed; have no misunderstanding whatsoever on this score. After all the inexplicable explanations and inconsistencies we have had brought in a new budget in a most irresponsible manner. All I am saying in this connection is that, this course having been decided upon by the government—and I am sure all hon. members of the house will agree with this procedure—there needs to be some time given to the members of the house to decide now what these resolutions mean and what action is going to be taken with respect to them. I think there will have to be some reasonable amount of time given to a consideration of these budget resolutions, and possibly there will have to be another clarification to clarify the unclarifiable. But that is a matter which time alone will tell. I would suggest that after a reasonable time has been given to the house and to the country to consider the proposed changes which have been suggested—they could only be suggested, of course, tonight as this is only the fourth budget interpolation—as soon as possible after that this house in committee of ways and means should settle down to the rather arduous, lengthy and sometimes rather boring problem—

Mr. Pearson: The middle of August.

Mr. Nowlan: Possibly the end of September. As I was saying, we should then settle down to dealing with these resolutions clause by clause, resolution by resolution. Only then, after parliament—and not the Minister of Finance in his fourth attempt—has given due and careful consideration to these matters and passed them, will the business elements of this country know where they stand, where they fit and what economic problems are ahead of us for the next 12 months.

I know that this discussion of procedure is perhaps not one of paramount interest to the millions of Canadians who are waiting tonight with intense interest—at least, tens of thousands of them—to see whether they are going to be out of a job at the end of this week or the end of next month. The whole nation is waiting for clarification of these economic problems and I am sure assistance has not been given to them in this House of Commons tonight.

Some hon. Members: Hear, hear.

Mr. Nowlan: I wonder whether the doubts and uncertainties of the past few weeks have been resolved, or has the minister by his statement tonight made a bad matter worse and made still more clarification necessary? He has tried to clarify—and I will give him full credit for attempting to do so—some of the doubts; he has tried to answer some of the many questions which have been raised across this nation. But in so doing I am wondering whether he has not left more unanswered than he has answered, and in trying to answer the questions he has tried to answer I wonder whether he has not created new ones. The only way these questions can be resolved is by dealing with the resolutions themselves.

I am not going to deal with the subject matter of the resolutions to which the minister referred. Obviously some of them are of a technical nature. The minister was good enough to send the resolutions to the Leader of the Opposition (Mr. Diefenbaker) and myself and, I presume, one or two other hon. members. He sent the details to us before he spoke about them, and we thank him for so doing. But the amendments are so technical and so numerous, and are of such an effect that certainly one could not be expected to deal with them tonight.

We have the one about building materials. We are glad to know that universities and schools are going to be exempt from the impact of the tax. It certainly did not need a soothsayer or prophet to know this would be done. Someone once said that Joseph Howe was neither a prophet nor the son of a prophet. One did not have to be a prophet or the son of a prophet to anticipate that change tonight. That was obviously one that was going to be made. Many of the others which the Minister of Finance brought forward were obvious, but the impact on the over-all picture is such that we need a great deal of time and mature consideration to decide just what will be the over-all impact. The matter of machinery and apparatus is another item which is of course parallel to that of building materials.

The minister also went quite a way in another direction, certainly in so far as the graphic arts and newspapers are concerned. That was a fairly obvious change also. There was no question as to what was going to happen in that direction and one would be very naïve if he did not think there would

be any amendments in regard to this item. We have heard of certain amendments with respect to materials consumed and expended directly in the process of manufacture. That clause was a sleeper; it certainly went a lot further than the minister or the government realized when they brought it in. They just looked at the capital letters and they had no one to explain what this clause meant. They took the capital letters covering machinery and apparatus to be used in the manufacture and production and did not look at the fine print, which is much more important, because a printing machine, printing press mill, or whatever it may be, may or may not be taxable. They taxed it. You can accept it if you feel it is justified, or you can oppose it. It is a positive thing. Then there was material consumed or expended purely in the process of production. There you had the sleeper of all sleepers. You had the protests of the graphic arts industry and the newspaper publishers which were vocal, pointed, direct and justified. There are hundreds of industries in this country which are suffering and will continue to suffer from that provision; make no mistake about that. I would think a further amendment has to be made there if we are going to deal with this problem.

Then we have, of course, another area in the budget which does not attract popular attention because it deals with finance and the stock market, the buying and selling of securities and investments. The great majority of our citizens are perhaps not too much interested in this question. But this nation—and I am sure the Minister of Finance has said this from time to time—depends now, and will for many years in the future, upon a constant inflow of a reasonable amount of foreign capital. Frankly I think the Minister of Finance has an exaggerated opinion on this matter, but he has stressed again and again the necessity of Canadians controlling their own instruments of production.

We would all agree with that. We all welcome that as an ultimate goal. But when a nation is in a situation as precarious as the one in which this nation is today, needing capital in substantial quantities from day to day and from year to year, let the hon. gentleman remember that we can cut out building this building, or that building, and the tax on building material may set back 10,000 or 100,000 people and put them out of jobs; but if you once stop capital flowing into this nation, the troubles which happened in April last year in connection with our exchange position will be like an April shower compared with what would happen as a result of this budget. Not only would the Minister of Finance (Mr. Gordon) be buried under the avalanche which would follow but the economy of this nation would be buried as well. That is why I say the necessary thing for this house to do, as soon as a reasonable interval has elapsed in which to study these resolutions—and I am not, now, spelling out how long that interval should be—would be to go into committee and get down to a detailed study of these proposals so that parliament and the nation may finally know where we stand economically in the coming year.

(Translation):

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, first of all, I should like to tell the Prime Minister (Mr. Pearson) that we are very pleased to see him back with us and that we greatly appreciate his presence in this house where he always conducts himself with dignity and kindness. I can assure him that we appreciate that. It is also worthy of note that members of the cabinet have missed him, that they have often been caught unawares and, as much as possible, have avoided answering questions asked in the house. It is to be hoped that, now that their leader is back, the members of the Liberal cabinet will have regained their poise and their high spirits and will give us the answers to which we are entitled.

I should like to point out, in passing, that on the occasion of the Prime Minister's return, the Minister of Finance has treated him not to a shot of Gordon dry gin but to one of Gordon dry tax.

Mr. Speaker, I should like to deal with a remark made by the financial spokesman of the Conservative party before talking to the new resolution the Minister of Finance has just presented. He did not miss the opportunity to say that we had supported the government when the budget was adopted. In that respect, I wish to set him straight. We did not support the government, we gave it a chance to submit its resolutions, its estimates to the committee of the whole house, so that we could make suggestions to improve them, if only a little, as is the case tonight. Besides, the Conservative opposition seems to forget that all last year we supported it until February when we fell under that heavy load.

We are ready to give a chance to whatever party to present legislation and submit to the house matters likely to interest it.

We are going to make suggestions and we hope that they will be welcome.

Some of the changes which were recommended this evening are of an administrative nature and will involve minor changes only. In our opinion, little has been changed

in the budget. However, there are two things which command our attention and we felt it would be a good thing to point them out. The Minister of Finance stated that the 11 per cent tax will not apply to materials used in the construction of schools, colleges, universities and buildings of a similar nature. The government deserves to be commended in that respect, because we feel it is the proper attitude to take, but it has forgotten some items. There was some talk about exempting from the 11 per cent tax the building materials used in the construction of churches, monasteries, etc. The Minister of Finance has overlooked that point.

I also note that political personalities in Canada had called for an exemption from that 11 per cent tax on materials entering in construction projects carried out by municipalities, provincial crown corporations and governments.

Only a few days ago, Mr. René Levesque said that this tax would paralyse us and that it would cost the province of Quebec from $25 to $60 million within the next five years. What can the Minister of Finance and the present government reply to this man from the province of Quebec who is trying to develop industry?

After the decisions announced tonight, what will the present government reply to the mayor of Montreal, Mr. Jean Drapeau, who stated recently that the 11 per cent tax on building materials would cost $30 million to the city of Montreal during the next five years? What will be the reply of the Minister of Finance to the C.L.C. or to the national confederation of labour unions? The levying of the tax is postponed, it is applied gradually; I only hope that the delay the Minister of Finance has provided for himself will enable him to ascertain that this tax is effectively disastrous to our national economy and that he will abolish it.

Mr. Speaker, I do not want to be content to criticize; I would like to help the Minister of Finance in finding a solution. It is not enough to criticize; what we need are solutions. It is obvious that the minister finds himself faced with a dilemna, which he sums up in the following passage of his speech:

> Of course, there are always objections to raising any tax, even from many of those who feel most strongly that the budget should be balanced.

In short, we see that the Minister of Finance has but two alternatives: taxes or budget deficits. But deficits entail debts, and debts lead to high interest rates. And what about the $918 million that we shall have to pay this year on our present debt?

Mr. Speaker, I am not able to say whether it was done on purpose or not, but the Minister of Finance seems to have limited himself to two fields: taxes and deficits which means taxes and debts.

I wonder why the Minister of Finance who is known by the people of this country as an intelligent man is not looking for a third alternative or is not trying to find a solution to the problem we are facing at the present time? Why is the Minister of Finance always faced with two alternatives: either to increase taxes, which involves a slowing down of our economy and an increase in prices, or budgetary deficits and indebtedness?

Mr. Speaker, I suggest to the Minister of Finance that he try to widen his vision because, in this day and age, we are facing new problems as we are living in a new era and we must find new solutions.

In my opinion we are through with taxation and deficits, which offer no solution.

If we stay in that rut where there are only those two alternatives, it is natural that we will get hurt, and the Liberal party seems content to remain in that narrow path. The Minister of Finance is not getting out of the rut. He must try to find another solution, because inevitably, as he said himself a moment ago, our economy will again be unbalanced because the country is expanding. Our population is increasing, our assets are growing and the Minister of Finance will, under such circumstances, of necessity have to submit another deficit budget.

But why should we have an expansion involving debts to private concerns, debts which burden future generations? Why would not that deficit instead be assumed by the people's financial organization, a body which belongs to the people and which would not saddle future generations with the payment of interests such as ours has to pay?

Mr. Speaker, if the Minister of Finance had his deficit financed by the Bank of Canada, which belongs to the Canadian people, and not by the chartered banks, which belong to a few individuals who control the progress and development of this country, he might well afford to increase his deficits. Indeed, on the day when the Minister of Finance accepts to consider that third solution, he will not appear before us saying:

"Unfortunately, we will have to increase taxation, otherwise the deficit will be too high."

If, at this time, the minister defers this tax, because it hurts, he will only defer the blow, or, to say it briefly, postpone the day of reckoning. It is a respite, it is true, but a respite which may mean an unstable currency. There was often a question of inflation in the past. Well, that 11 per cent sales tax, even if progressively increased, even if deferred, indeed, means inflation. I think that the minister was well able to see that the imposition of that tax resulted in higher prices. As a matter of fact, I received a telegram from the officers of the home builders' association of the Montreal district, which said that the tax would entail an increase of $850—and not $400—in the building costs of a home.

Mr. Speaker, it should be kept in mind that when prices go up, money loses its value, and this causes nothing less than inflation. I remember very well that during the last election campaign, some people suggested that Social Credit policy would lead to inflation. I ask the Canadian people whether it is we who are bringing about inflation at the present time. It is rather the Minister of Finance and his government, through the imposition of the 11 per cent sales tax on building materials.

I wonder whether the minister has thought of what will happen in a few months when the tax will increase. It is possible that for some time a few Canadians might be able to hoard building materials, but only those who will enjoy enough credit to pile up such materials in their warehouses and their factories.

On the other hand, small contractors and house builders who do not have the necessary margin of credit to pile up materials, will have to pay a heavy price when payments fall due, because they did not have the means to hoard building materials, for lack of credit facilities while rich and powerful contractors will pile up materials and be in a position to indulge in competition which I declare forthwith illegal, because they will have taken advantage of the privilege now granted by the government. And it is really a privilege which is granted to a few financial tycoons by suggesting to them: "You who can pile up materials, do it immediately, because the sales tax on building materials is only 4 per cent whereas in six months or a year, it will reach 8 or 11 per cent."

On the other hand, those who have not the necessary credit or are not sturdy enough, financially speaking, will not be able to accumulate materials and, in a year and a half, will be definitely under unfavourable conditions, so much so that the small building contractor might disappear.

Mr. Speaker, I admit that there is some good in the measure, as it aims at delaying the bringing into force of the sales tax but, on the other hand, one must clearly understand what it will entail shortly—that is when the tax will be raised to 11 per cent for all the small building contractors. They will have to close shop, for they will then be unable to face the competition that is being set for them at present.

Mr. Speaker, there is a solution to the problem and it must be found. It must be found outside the paths followed by economists of the past. It must be found with something reflecting the realities and the possibilities of our time. In brief, we must face present realities, that is the tremendous capacity of the Canadian people to develop the country and to produce. That is what is physically feasible.

We now ask the Minister of Finance to turn aside from the beaten track in order to reform our economy, not in a production sense because private enterprise sees to that, not in the field of consumption, because the Canadian people see to that, but in a third field, that is the field of exchange, the monetary field of the economy.

In fact, I urge the Minister of Finance not to ignore the solution, not to fear deficits, but on this condition only that his deficits be financed by a Canadian organization, an organization which belongs to the people, that is the Bank of Canada. If those deficits are financed interest free, they will not impose a burden on future generations. On the contrary this generation will be in a position to develop the country without having to support the burden of taxes and to bequeath our successors a still greater country.

Mr. Speaker, that is why, before concluding my remarks, I should like to impress on the Minister of Finance that we are living in a modern age because of new methods of production, because of the tremendous progress that has been achieved.

So, he must enlarge his vistas, extend his fields of investigation, search beyond the orthodox economic principles of yesteryears to find a new solution where he will not

always be squeezed between the two walls of taxes and deficits which will allow him to find a third outlet to develop the economy of the country, that is an economic system, a monetary system really belonging to Canadians and which will enable them to develop their country for the benefit of Canadians, by Canadians and for Canadians.

(Text):

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I do not propose to take up too much time of the house tonight, not for the reason advanced by the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) but for the opposite reason, that there is really very little material presented to us tonight on which to comment. There are a few things to be done first though, and one that I almost overlooked, and that is to join this group in the expressions of great satisfaction expressed by other hon. members of the house tonight at the reappearance of the Prime Minister (Mr. Pearson). I may say that almost from my first day in this chamber I crossed swords with the right hon. gentleman who is now Prime Minister of Canada, but this does not in any way detract from my very real sincerity in expressing the great satisfaction of this group in seeing him back restored in health, although I cannot help but add, Mr. Speaker, that I am sure our satisfaction must be very small indeed compared with that of his own followers—

Some hon. Members: Hear, hear.

Mr. Cameron (Nanaimo-Cowichan-The Islands): —who must have been anticipating with some trepidation having again to navigate very rough waters without the skipper at the helm.

We heard a lot about a baby budget before the Minister of Finance (Mr. Gordon) came into the house this evening. I suppose you might call it that. If so, it is a very attenuated baby, a very minor baby. The final difficult birth resulted in triplets, but not by any means identical triplets. As I say, there is not a great deal to this. It was, as most people expected, a retreat in some form as far as was considered possible, with the great necessity of saving face on the 11 per cent sales tax. Most of us, I think, will certainly support the Minister of Finance when he exempts schools and universities from the imposition of this tax. Certainly there is some satisfaction in seeing that the tax is going to be imposed in stages, although it occurs to me that the Minister of Finance may find himself again subjected to a flood of correspondence from customers who have been charged a high price for their purchase, who have paid a tax on it and are applying for a refund. I wonder just how he is going to deal with those people who have bought paint to paint the front porch and who had to pay the sales tax which the entrepreneur is now going to get back in his hands again.

But, Mr. Speaker, there are great omissions in the exemptions that one would have hoped for in the statement of the Minister of Finance. There is, for instance, only a very limited exemption with respect to housing which is not only one of the major social problems of the country but also one of the major means by which economic activity is stimulated. Also, sir, there is no suggestion that the great construction projects on which expansion depends are going to receive similar treatment. In fact, they are rather rigorously left out of the statement submitted to us.

What I was particularly interested in was the last few sentences in the minister's presentation tonight in which he said:

> As Minister of Finance, I regret the loss of revenue during the next 18 months but I believe that on balance the changes now proposed will be helpful. They do not alter the objectives of the budget. They will improve its immediate economic effect and stimulate expansion and employment.

That is a truly charming expression. The budget is to be improved, and it has been improved undoubtedly, by taking the exact reverse position from that which the minister took less than a month ago. It seems to me that if these retreats do as the minister suggests tonight, stimulate expansion and employment, then the budget as a whole, as I said earlier in the house, is not calculated to stimulate employment or expansion. In fact, Mr. Speaker, the most depressing thing about this final triplet of the triplet budget, if it is final as one of my colleagues says, is that it reveals that the Minister of Finance is still wedded to the philosophy in which he drew up his budget originally. It is defined fairly well in the statement he made on July 2 of this year in reference to something that the leader of this group had said. At that time the minister said, as found on page 1751 of *Hansard*:

> The hon. member for Burnaby-Coquitlam would like to see our budgetary deficits increased. He argues that if consumer expenditures are increased this will in turn increase the general level of economic activity throughout the country. I say to him that the trouble with this theory as applied to Canada—and I say this with respect because I am not unaware of the theory; I understand it, I think—is that about one quarter of such increased expenditure, or so it is estimated, would find its

way into additional imports of one kind or another and this would aggravate our payments problem and only add to our difficulties in the long run.

That, of course, is quite true when we have a government that is determined to do four things. It is determined to expand production and to increase employment. It is also determined to balance the budget, to maintain a fixed rate of exchange and to cope with our balance of payments problem. I would suggest this to the Minister of Finance. While it may be quite true that under conditions of a fixed rate of exchange any increased government expenditure may very well have the effect that he suggests in his comment to the hon. member for Burnaby-Coquitlam (Mr. Douglas), the same is also true of any other expansion of payments, any other expansion of income, any increase in employment, any stimulation of the economy. I am driven to the conclusion, Mr. Speaker, that the Minister of Finance tonight has merely confirmed the suspicion that some of us have had all along, that this budget was not designed to expand the economy. This budget was designed to control exchange crises while at the same time maintaining a fixed rate of exchange, which I submit to you, Mr. Speaker, is incompatible with any expansionary move in our economy.

If the Minister of Finance is still so concerned about coming somewhere close to a balanced budget and if he is looking for other sources of revenue, I suggest to him there is another place he may look for some of it at least. These figures are contained in statistics produced by the dominion bureau of statistics on the 4th of July this year. They give figures for business gross savings from 1958 to 1962 but I will just give the increase from 1961 to 1962. The increase in depreciation allowances and miscellaneous adjustments from 1961 to 1962 was $216 million. The increase in undistributed profits in the same period was $201 million.

I might point out that in his budget the Minister of Finance is contemplating adding to these depreciation and depletion allowances for certain extremely well heeled industries in this country. Therefore I suggest that if the Minister of Finance is unable to accept the theories that are accepted by most modern economists of an expanding economy and the use of deficit financing to achieve that end, if he is going to base all his activities on the possibility of a balanced budget some time, these are some of the sources that he should consider, rather than bringing to a halt, as he apparently is still going to do, a vast number of major projects on which the welfare of the Canadian people is going to depend in the next year or two.

Mr. Knowles: Mr. Speaker, I rise on a point of order, and I wish to make it very clear that I rise to my feet not to say anything with regard to substance but only with regard to procedure. The Minister of Finance, as he concluded his statement tonight, said he was tabling revised budget resolutions. The willingness of the house to accept the revision of those resolutions is one thing, but dealing with them in a way that is procedurally correct is another.

I draw your attention to the fact that the budget resolutions were tabled on June 13 and that after a number of days of debate the house went into a committee of ways and means on those budget resolutions. Today's order paper, for example, has as one of its items, "House again in committee of ways and means". Under that is a note that for the budget resolutions we should refer to *Votes and Proceedings* of June 13.

We have not been told tonight by the minister how he proposes to make the change. My reason for rising at this moment, which is the earliest moment it can be done, is to make sure that the change is not made by some sleight of hand, by simply slipping in where the June 13 resolutions are the ones that have been proposed tonight.

It seems to me there are three courses open to the house and to the government. One would be to get unanimous consent either from the house at some proper time, or preferably from the committee of ways and means, which is already seized of the resolutions. The second would be to move amendments in committee of ways and means altering the resolutions and submitting those amendments to a vote in committee. The third would be to discharge the present order and start all over again. As far as I am concerned, I see no difficulty in accepting tonight's resolutions as an improvement over what we had on June 13, but I am concerned that this matter be handled in a way that is procedurally correct. I think it was unfortunate that the minister did not at the conclusion of his statement indicate what procedure the government proposes for dealing with this very unusual situation.

Mr. Pickersgill: Mr. Speaker, on the point of order raised by the hon. member I do not have before me the proceedings in committee of ways and means after we went into committee at the conclusion of the budget debate, but my recollection is that when we went into committee on that occasion the committee rose immediately without taking under consideration any of the resolutions that had been tabled.

Mr. Lambert: But it accepted them.

Mr. Pickersgill: Therefore in the circumstances the resolutions themselves were never in fact in the possession of the committee.

Some hon. Members: Oh, oh.

Mr. Pickersgill: If that should be so, I am merely suggesting that there was no consideration of them and it would not appear to me that there would be any problem. If there is any procedural problem I would hope, unless Your Honour sees a ready solution to it, that it could be taken under consideration and that there could be some conference between myself as house leader and hon. gentlemen regarding the business of the house with a view to making sure that what is done is done in a thoroughly regular fashion.

Mr. Nowlan: Without prolonging the discussion on this point of order which may be more or less academic in view of the fact that none of us has had time to consider carefully this matter, I would question the statement of the Secretary of State (Mr. Pickersgill) that the committee was not seized with the resolution. The Minister of Finance (Mr. Gordon) made his budget speech, in the course of which he brought forward the resolutions which were incorporated in his speech and printed in *Hansard*. At the conclusion of that speech, we went into committe of ways and means. Whether we were there for 30 seconds or 30 days, I do not think affects the situation in the least. My impression at the moment is that the committee of ways and means was seized with the resolutions and, this house having allowed the committee of ways and means to be seized with the resolutions, could not tonight or at any other time take action on them without the concurrence of the committee of ways and means.

I think probably some consideration should be given to this situation. However, I am suggesting fairly strenuously at the moment that the committee of ways and means is seized with these resolutions and the committe of ways and means is the only body which can deal with them unless, as the hon. member for Winnipeg North Centre (Mr. Knowles) says, by unanimous consent we agree to bringing forward the resolutions again.

Mr. Douglas: Surely, even more important than the fact the committee was seized with these resolutions is the fact that the whole debate on the motion that Your Honour do leave the chair so that the house can go into committee of ways and means, was on this particular resolution. Therefore, the resolutions that were under discussion in that debate were the resolutions which are before the committee and are the resolutions which were tabled on June 13. Certainly, we could not accept that answer as a means of solving the problem. I agree that the thing to do is to have the house leaders meet to see if we cannot work out a solution.

Mr. Knowles: May I just say a word in reply to the suggestion made by the Secretary of State? I think the suggestion he makes, that there be a conference to discuss this, is an appropriate one, and I hope that the house will accept it. My point in raising the question at this juncture was to make sure that something was not done that would be difficult to put right later on. I draw your attention to the fact that on today's order paper there is item No. 15 which reads:

> June 26—House again in committee of ways and means—the Minister of Finance.
> Note: Texts of ways and means resolutions are appended to the notice paper of *Votes and Proceedings* of June 13, 1963.

Now, that notation has been there every day since the motion to go into committee of ways and means was passed. It has not been altered by the fact that on June 19 the Minister of Finance said he was going to withdraw, in committee of ways and means, the resolution regarding the tax on securities. My request is that there be no change in this wording until there has been a conference of the parties, with perhaps Your Honour present, to decide what procedure is the correct one. This is my point. I am suggesting that there be no change made until we have had such a conference.

Mr. Speaker: I wish to thank all hon. members for giving me the benefit of their advice in connection with this very interesting procedural matter. I think hon. members have almost solved the problem here tonight, and it is a pleasure indeed to take their suggestions into consideration. If we may do that, we will decide between tonight and the meeting of the house tomorrow, exactly what is the correct procedure to follow.

The house will now resume the order of business which was interrupted at five o'clock.

NORTHWEST TERRITORIES ACT

AMENDMENTS RESPECTING COUNCIL MEMBERSHIP, NAMES OF TERRITORIES, ETC.

The house resumed consideration in committee of the following resolution—Mr. Laing—Mr. Batten in the chair:

> That it is expedient to introduce a measure to amend the Northwest Territories Act and to rename the said territories, and to effect certain consequential changes in the statute law with respect thereto, *inter alia* to increase the number of elected members of the council of the territory from four to five, to establish a separate territorial revenue fund and to provide for the transfer

thereto of a portion of the amount standing to the credit of the Northwest Territories revenue account in the consolidated revenue fund upon the coming into force of the said measure.

Mr. Nielsen: Mr. Chairman, before the committee rose at five o'clock I was attempting to draw an analogy between what the situation should be in the Northwest Territories and what I hope will be in the legislation which will be produced following this resolution. Perhaps the minister might well have referred to the situation in Manitoba, and perhaps a comparison might be drawn from the time when Manitoba became a province.

The territorial government, just prior thereto, was presided over by a resident commissioner. The seat of the government was in the territory, and there was a lieutenant governor appointed by the governor in council. I believe that person was a Mr. Morris, who held office during pleasure, and whose duty it was to administer the government under the jurisdiction from time to time given to him by the governor in council or the secretary of state for Canada. This is similar to the situation today. There was a legislative assembly composed at first of 26 members altogether, who were the elected representatives of the electoral districts with powers similar to those given to other legislative bodies, much in the same way as the powers are given to the Yukon under the Yukon Act and the Northwest Territories under the Northwest Territories Act.

The legislative assembly could not adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue or of any tax or impost to any purpose that had not been first recommended to the assembly by message of the lieutenant governor in the session in which such vote, resolution, address or bill was passed. This is similar to the provision today in the Yukon Act and the Northwest Territories Act, and therein lies the control by the federal government over these expenditures in the north.

There was an executive council, and here I think that there is an important distinction, to aid and advise the government of the territories; and the persons who were to be members of the council were, from time to time, chosen and summoned by the lieutenant governor; and the members thereof might, from time to time, be removed by the lieutenant governor. By statute, 36 Victoria, chapter 6, the membership of the council was increased to a maximum of 21 instead of 15, the minimum remaining at seven. Members of the executive council were made the heads of and presided over the departments of government in the territories. At that time they consisted of, first, the office of the executive council; the department of the attorney general; the department of the territorial secretary; the department of the treasury; the department of public works; the department of agriculture; the department of public instruction and the offices of the legislative assembly.

The public service was divided into two divisions. First, there was the inside division consisting of the employees comprising the several departmental staffs at the seat of the government in the territories. Second, there was the outside division comprising all other employees of the government of the territories. The system of civil service in both territories is under the complete and absolute discretion of one man who is under the direction of the minister, and here I refer to the commissioner himself. He has complete authority as to who shall be hired and fired, but there are no formal ground rules laid down for competitive examinations such as those that exist in the civil service of Canada. The staff of each department was divided and ranked similar to the divisions and ranks that pertain in the federal civil service.

The conclusions I would like to draw here, Mr. Chairman, in the hope that they will be taken into consideration by the minister and his officials, are that pursuant to the joint address presented in 1867, at a time when the Northwest Territories were admitted into the Dominion of Canada, certain guarantees were given. Further, the terms and conditions under which the Northwest Territories were admitted into Canada were not complied with, and are still not complied with so far as the Northwest Territories and their existence today are concerned, and incidentally neither in so far as the Yukon territory is concerned. This conclusion carries with it very far reaching constitutional effects which are being dealt with from day to day in our courts.

Second, there have not been formed in the Northwest Territories, according to the terms of the joint address, those "political institutions bearing analogy, as far as circumstances will admit, to those which exist in the several provinces of this dominion." This is very clear if one analyses the types of government that have been set up in the Northwest Territories and the Yukon territory, as compared with those which prevailed immediately prior to the creation of the various provinces of this dominion.

Third, and it is quite important, the claims of the Indian tribes for compensation for lands required for purposes of settlement have not—again in the words of the joint address—"been considered and settled in conformity with the equitable principles which have uniformly governed the British crown

in its dealings with the aborigines." Surely this legislation should provide for some relief here, and I am glad to see the Minister of Citizenship and Immigration present in the chamber because this should be of particular concern to him.

There was a treaty at one time with the Indians of the Mackenzie district, but it was never really implemented and has become a dead letter for all practical purposes. Further there has never been a treaty implemented with the Indian people of the Yukon. There has been no treaty with the Eskimos, and no relinquishment of the lands reserved to them as their hunting grounds by the treaty of Paris of 1763. There is no Eskimo act and the Indian Act does not apply to Eskimos.

The time for provincial autonomy is still probably a good many years distant so far as certain portions of the Northwest Territories are concerned. However it is rapidly approaching so far as the Yukon is concerned, and even so far as the Mackenzie district is concerned. At this stage I want to interject that I do not hold with those who believe the two territories should be joined because they have different geographical problems, and their historical traditions, forms of government and their economies are quite different. It appears we are not ready for it yet in the Northwest Territories, but if we are going to take steps towards achieving autonomy, surely these steps should be in accordance with the constitutional practices which have prevailed in Canada since and immediately prior to confederation.

My own recommendations, which I hope the minister and his officials will take into consideration are first that the House of Commons should set up a special committee to examine all aspects of both these resolutions, Nos. 6 and 7 on today's order paper; and since they have not been invited to participate in any of the discussions, the people of the eastern Arctic should be consulted because they live there. They are the people who pay the taxes in that area, and they are the people who are pioneering in that area. Their views and opinions should certainly be sought as to whether or not this is the kind of legislation they desire.

The Deputy Chairman: Order. I apologize for interrupting the hon. member, but the time allotted to him has expired.

Mr. Nielsen: Mr. Chairman, could I have about two minutes to finish my recommendations?

The Deputy Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Nielsen: The bills could then be referred to this committee, and the members of the Northwest Territories council as it now stands, as well as others from the eastern Arctic, could be invited to give the committee the benefit of their knowledge and experience in the north.

My second suggestion is that there should be set up in the present Northwest Territories, government and administration along the general lines provided for in 1872 in the early North-West Territories, bearing analogy, as far as circumstances will admit "to those which exist in the provinces of the dominion, and in accordance with the terms and conditions upon which Rupert's and the North-Western Territory were admitted into the union".

A third recommendation would be that the minister and the government follow a course which will introduce, as quickly as possible, participation by the members of the various councils in the executive function of government rather than in the purely legislative function. I suggest this because we all know, from the practical point of view, that the legislation for the territories is prepared here in Ottawa and that members of the councils have no participation in the executive function of government. This is important if we are to approach provincial autonomy in the two territories because eventually there will have to be that executive arm of government set up in the same fashion as in any other democratic jurisdiction.

Fourth I would suggest a new treaty be negotiated with the Indian people of the Mackenzie district, and at long last a treaty should be negotiated with the Yukon Indian people.

Last, I feel there should be a treaty negotiated with the Eskimos, and if necessary an Eskimo act should be passed.

If the Minister of Northern Affairs and National Resources and the Minister of Citizenship and Immigration consult with the legal officers in their departments I am sure those officers will advise them that there is some substance in the suggestions I am making with regard to these native peoples. I therefore wholeheartedly agree that the time has come, as the minister suggested in his introductory remarks, to provide the maximum amount of self-government for the people of all the Northwest Territories, and to adopt steps which will surely and progressively lead to the day when all our Northwest Territories will achieve a state of provincial autonomy.

Mr. Peters: Mr. Chairman, I only want to say a few words and my desire to speak stems from the fact that I was very interested in listening to the hon. member for Yukon, who is much more familiar with

this subject than most members of parliament. I am quite sure that after a member of parliament has been here for a very short period of time he has found that some of his constituents have gone into the Northwest Territories, and therefore some of the problems that are all well known to the hon. member from Yukon are apparent to quite a number of hon. members of this house. The suggestion the hon. member made that any changes which we make in the Northwest Territories Act must be designed to bring provincial status and representation on a provincial basis to the people in that area is, I think, self-apparent. That this is not being done is, I think, also self-apparent.

I mentioned the other day that I had a very simple problem in the Northwest Territories that resolved itself among four departments, and each of these departments, had a different point of view and opinion. They seemed to consult each other but none of them had any interest whatsoever in what the Northwest Territories council had to say on the matter. I think this raises the problem which could be met by the suggestion of the hon. member from Yukon, who suggested that we should set up immediately a special committee to discuss these two resolutions. He suggested that a special committee of the house could give some consideration to the problems, and I am sure that all hon. members who have had any of their constituents living in the Northwest Territories are aware of the situation there. In my opinion the situation in that area is very dictatorial. The people who are administering the Northwest Territories Act, in many cases, like dictators in whatever branch they may be employed. I think they are backed up by the lack of interest of the other departments concerned with this matter.

The problem I had concerned the Department of Labour. In my opinion, and in the opinion of some of the officials of the Department of Justice, the situation was clearly within the jurisdiction of the federal government through the Department of Labour. Yet they did not wish to step on the authority, or whatever it may be, that should be exercised by the members of the council and the resolutions they are supposed to have passed, or should have passed, if they had been fulfilling their duties.

We continue to have an obligation to the constituents who go into that area and find themselves completely unprotected by the acts we have passed governing the Northwest Territories. I suggest that the minister should give some consideration to setting up this special committee. It may mean there will be discussion beyond the terms of the resolution as the minister has proposed it, but I think this will be very worth while in the light of the interest that will be shown by hon. members who have not previously been intimately concerned with matters of the Northwest Territories, and the other area.

This is a new part of Canada. We have already made mistakes in other parts of Canada that I am sure hon. members do not wish to be repeated in the establishment of the Northwest Territories. The hon. member for Yukon has pointed out many problems which exist there, which go beyond the scope of this resolution, but which would not necessarily go beyond the scope of a parliamentary committee, if the minister would recommend that such be set up.

In my opinion, if these matters are discussed and if the problems are brought to the attention of the government and the officials of the various departments and a decision is finally reached, I am quite sure there will be great harmony in many fields of endeavour in the Northwest Territories.

Mr. Nugent: Mr. Chairman, I do not intend to speak for very long on this resolution tonight because I am sure we all want to see it carried. But coming from Edmonton and having had a personal interest in the north for some time, I hope that I may make some slight contribution on the resolution stage, because I want to consider the manner in which we should look at the bill when presented.

The minister said in his opening statement that the people of the Northwest Territories were noted for their responsibility and courage. While I will agree with those complimentary terms, I think that perhaps the initiative shown by those people is something the house should consider as more important. I say this for the reason that we are all aware to some extent of the natural disabilities faced by people who settle in that north country. These disabilities, as we all know, are the extremes of climate, the very few people around, the lack of conveniences, the great distances from any markets, etc. All these disabilities require a type of person with a great deal of initiative, and all of them make it necessary that the government, in regulating the lives of the people up there, must allow as much flexibility as possible so that changing conditions which exist from place to place, the difference in people themselves, and so on, may be dealt with by those on the spot who have the experience, the drive and the ambition that took them there and who can figure out, because they are so close to the problems, a way to get around these things and have more room to manoeuvre.

This is where I think we run into a good deal of trouble in the north occasionally. I

do not want to be too critical of the civil servants there, but it does seem to me that there is a natural attitude on the part of a civil servant who is, for instance, interested in the welfare of the air force in a particular area, to get just a little bit narrow in his outlook and concentrate so much of his energy on air force matters that it is easy for the well being of the civilian population to be not only overlooked but perhaps trampled on to some extent.

In the Northwest Territories this is what can happen most easily, because government employees constitute really the majority of the people there. There are people employed by the northern affairs department, the Department of Transport, air force people concerned with defence, northern transportation people, and Eldorado people. By the time you consider all the government people in the north you find they constitute the majority of the population, and therefore any attempt to regulate from Ottawa is perhaps going to have the effect, whether intended or not, of putting the welfare of the government department first and the welfare of the ordinary civilian second; or should I put it this way, of being government for the sake of government rather than for the sake of people.

I suggest to the minister that it is his responsibility in that territory to remember this fact about the Northwest Territories, that while paternalism by civil servants may show up in any place, the Northwest Territories is the most fertile ground for this to happen, in that because of the preponderance of civil servants, and because of the vast distances, we may see more examples of this happening.

I have had occasion to speak previously in this house on regulations made by the air transport board, for instance, where you have long distances, a small amount of business really, high costs and few people involved. A regulation made by the air transport board to strengthen the air industry, while it may be very suitable as a general policy for all of Canada, may in fact have a very detrimental effect on that particular part of the territory. I suggest, therefore, that what is needed is an acceleration of the reliance of people in the north on their own self-government.

The minister spoke of the responsibility of those people. I have talked about initiative. Surely these two factors are very important and useful in government. I must say that the development of the north shows we have been very slow in taking advantage of the tremendous amount these people could do to govern themselves. There seems to have been a feeling that we should take it easy because there are few people there and development is slow. I suggest that perhaps it is because we have taken it easy that development has been slow. Perhaps we should exercise less caution in this regard and lean more heavily on these people than we have in the past.

Resolution reported and concurred in.

Mr. Laing thereupon moved for leave to introduce Bill No. C-83, to amend the Northwest Territories Act and to rename the said territories, and to effect certain consequential changes in the statute law with respect thereto.

Motion agreed to and bill read the first time.

NUNASSIAQ TERRITORY

PROVISION FOR ESTABLISHMENT, GOVERNMENT, AND ADMINISTRATION OF JUSTICE

Hon. Arthur Laing (Minister of Northern Affairs and National Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a new territory under the name of Nunassiaq territory and to provide for the government thereof and the administration of justice therein; to provide inter alia for the appointment of a commissioner and deputy commissioner of the territory, the establishment of council of the territory, the appointment and election and the tenure of the members thereof, the sessional indemnities for the elected members and one of the appointed members thereof, the travelling and living expenses of the members thereof and the legislative powers of the commissioner in council; to provide also for the payment of territorial revenues into the consolidated revenue fund and for the establishment therein of an account to be known as the Nunassiaq revenue account, to which shall be credited amounts equal to the territorial revenues paid from time to time into the consolidated revenue fund and all moneys appropriated by parliament to be credited to the said account; to provide also for the payment, out of the consolidated revenue fund, of money required for the territorial purposes specified in ordinances of the commissioner in council or, until the establishment of the first council of the territory, in orders of the commissioner, all such payments to be charged to the Nunassiaq revenue account; to provide also for the establishment of a territorial court and for the appointment of a judge and a deputy judge thereto; to provide also for the appointment of police magistrates in and for the territory and for the fixing of their salaries and allowances; to provide also that the governor in council may appoint justices of the peace in and for the territory and authorize payment of their remuneration and travelling and other expenses; and to provide further that the governor in council may appoint a clerk of the court, sheriff and such other officers as are deemed necessary for the administration of justice in the territory and fix their salaries and allowances.

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

(Translation):

Mr. Gregoire: Mr. Chairman, I should like to direct a question to the Minister of Northern Affairs and National Resources (Mr. Laing). Could the minister give us a geographic description of this new territory?

(Text):

Mr. Laing: The territory is all of the Northwest Territories except that embodied in the bill just presented and called the Mackenzie territory. In other words, it is all of the Northwest Territories from 105 west meridian plus Victoria and Banks islands. It is all of the territory other than that, eastward of that point and including the Arctic islands.

Mr. Gregoire: I have another question to ask the minister. Does this territory also include the islands around the province of Quebec in the northwest part of the Arctic ocean?

Mr. Laing: It includes all the islands which are presently under the jurisdiction of Canada and all of those islands in Hudson bay which are presently not under the jurisdiction of Ontario, Quebec or Manitoba.

Mr. Gregoire: Does it also include the islands north of the province of Quebec and east of that province in the Arctic ocean?

Mr. Laing: The situation is that all islands in estuaries of rivers flowing out of provinces are automatically the property of the provinces concerned. If they are out of the estuary, or outside a line drawn from promontory to promontory, they are in the possession of Canada. This has reference to the disposition of these islands—whether or not they will belong to Nunassiaq or to the province.

I think the hon. member probably has in mind the islands off the north coast of Quebec which are contiguous to Quebec, but none the less in the possession of Canada at the present time because they do not come within the definition of provincial islands by lying within the estuary of the river or inside the line drawn from headland to headland. I have forgotten the name of the island; perhaps the hon. member knows it.

Mr. Gregoire: Yes, but I am also talking about the islands around the coast of the province of Quebec in the Arctic ocean. I think the province of Quebec has requested that these islands should belong to Quebec. Has the minister received such a request, or is he aware of it? Has he received any information about these islands outside the boundaries or rivers?

Mr. Laing: I believe I have heard something about it.

Mr. Gregoire: May I call it ten o'clock? I believe we would like to discuss this resolution.

Mr. Pickersgill: There was an understanding among all parties on the basis of which I called the business on Friday—an understanding made at a conference of all parties that we would put through these two resolutions today so that the bills might be available to the Northwest Territories council which is now meeting. I wonder whether the hon. member for Lapointe would mind discussing this on the bill. It would be just as much in order then, and we would have the measure before us with all the details. Otherwise, I am not sure that the government is prepared to make time available tomorrow for this, and we might have to put this item over until another occasion because there is other urgent business which the government wishes to put forward. I only brought this legislation forward today on the basis of an undertaking by representatives of all parties that it would be put through today. I appeal to the hon. gentleman to accept my proposal that we discuss the point he raises on the bill itself.

Mr. Gregoire: I was not aware of that understanding; neither was I aware that these islands off the north coast of the province of Quebec were included in this territory. I think that if we had an opportunity to discuss this resolution we might be able to give good advice to the government so that we could exclude them—

An hon. Member: They are, now.

Mr. Gregoire: No; these islands may be considered by some as being part of Canadian federal territory, but by others they are considered as being part of the province of Quebec. So, Mr. Speaker, I think I will call it ten o'clock so that we may have an opportunity to discuss this matter further.

Mr. Pickersgill: I understand the hon. member for Brandon-Souris could clear up this point in one minute. If he is able to do that, would the hon. member consent to our going on a few minutes longer?

Mr. Dinsdale: I do not know that I can accomplish what the hon. gentleman has in mind other than to indicate that there was an all-party agreement that this discussion would conclude today. I might also suggest that the matter which has been raised by the hon. member could be better discussed in a committee of the house, if such a committee were set up, because it involves a matter of detail. It would be possible to have officials before such a committee and the question could be clarified to the satisfaction of all concerned.

Mr. Gregoire: If this committee were set up before the bill is presented, I would accept

the proposal. I think we could make some good suggestions on this point. I am rising because this is a most important matter. To whom will these islands belong? Will they belong to the federal government or to the provincial government? That is my point in speaking on this resolution. I am convinced they should belong to Quebec, and if they are to be included in this new territory I cannot accept it. If the committee is ready to sit and the Secretary of State can assure us that it will sit before the bill is presented, then we will agree.

Mr. Pickersgill: I do not think it would be possible to sit before the bill is presented, but I am sure we could make some arrangement to have the matter considered before the bill is proceeded with. What we want to get is the first reading of the bill so that it can be seen by the Northwest Territories council; but we would not proceed to second reading for a good long time. I would be quite prepared to give an undertaking that in some fashion or other this matter would be remitted to a committee so that the matters the hon. member wishes to raise could be raised, if that is satisfactory.

Mr. Laing: Might I point out to the hon. member for Lapointe that we are particularly anxious to have the resolution stage passed so that we can get a copy of the bill for study during the summer, to present it to the council that is now meeting at Inuvik. It is particularly desirous that a copy should be released to them for study. I might point out to the hon. member that while he protests the possibility of certain measures being contained in the bill, when he sees the bill he might be entirely satisfied. Certainly the production of the bill, which we would like to produce tonight, is a prelude to any study by the committee. I would confirm the undertaking given by the house leader that we will have a committee set up suitable to the hon. member where these matters can be discussed.

Mr. Gregoire: We agreed to let the resolution pass and have the bill presented to the house, but the point I was making was this: If we could bring forward suggestions before the bill was presented perhaps the government could introduce an amended bill to the house. I can assure the minister of national resources that we will see that just treatment is given. But I am convinced that these islands belong to the province of Quebec and should be included within the territory of the province of Quebec.

The Deputy Chairman: Shall the resolution carry?

[Mr. Gregoire.]

Mr. Peters: Mr. Chairman, I should like to inquire what consideration the minister intends to give to the suggestion made by a number of members for the establishment of a committee of the house to go into the whole problem of the Northwest Territories, as it affects these resolutions and others.

Mr. Laing: It is proposed in the commitment given by the house leader that if it is unsatisfactory that a committee of the whole deal with the matter, and there is a demand by the committee of the whole for a special committee, I am certain we will be happy to have a special committee set up.

Mr. Peters: The committee of the whole would not allow representatives to be heard from various agencies, who I am sure would want to be heard by a special committee established for the purpose. I think there is a considerable difference. The house will go into committee anyway, but I think the solution is much broader than that. I want to know whether this matter can be given consideration.

Mr. Pickersgill: I will give the hon. gentleman the assurance I have already given the hon. member for Lapointe, that once these two bills are seen, if there is any demand from any quarter of the house that some of the matters in the bills or other matters related to them could usefully be reviewed by a committee, I will undertake to ask my colleagues to have this done, and I feel sure they would agree with me. In fact I am quite prepared to commit the government to putting a motion on the order paper for a reference to a suitable standing committee of the house to consider these matters before we proceed with the legislation itself. This could be done, unless hon. gentlemen would be equally well satisfied when they have seen the bill to having it read a second time and then having it sent to the committee for revision. I will undertake to discuss it with hon. gentlemen and meet their reasonable wishes in the matter.

Mr. Gregoire: I should like to make now a formal demand for a special committee on this bill. Is that agreed?

Mr. Pickersgill: I think the hon. gentleman would perhaps find that he is restricting himself in the way he puts that, but I do not think there is any real misunderstanding between us.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Resolution reported and concurred in.

Mr. Laing thereupon moved for leave to introduce Bill No. C-84 respecting the Nunassiaq territory.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Churchill: Would the house leader announce the business for tomorrow?

Mr. Pickersgill: The business for tomorrow is the business for today which we never reached; that is to say, second reading of the Atlantic development board bill. I hope we can get both second reading and committee stage through tomorrow, so that we can send the bill to the other place and make progress with this matter. When we have completed that we will take the second reading of the economic council bill, and should there be any time before the end of the day we will take the resolution preceding the measure respecting the Department of Agriculture.

Mr. Churchill: The business for today, which the house leader mentioned, would have been reached had not the government had to revert to motions to make further corrections to some of its other mistakes.

Mr. Pickersgill: That was understood when the business was announced and agreed to on Friday.

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

HOUSE OF COMMONS

Tuesday, July 9, 1963

The house met at 2.30 p.m.

PRIVILEGE

MR. KNOWLES—IDENTIFICATION OF BUDGET RESOLUTIONS IN "VOTES AND PROCEEDINGS"

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege, and I assure the house it will take only a moment. It seems to me there is a caveat that some member of the house should enter at this point. My point of privilege relates to the way in which certain resolutions which were tabled last night by the Minister of Finance are identified in the notice paper attached to *Votes and Proceedings* for yesterday.

You will recall, sir, that we had a bit of discussion last night on a point of order, and I think there was general consent that we could reach agreement about this matter. I for one am quite satisfied with the way in which the matter is referred to in today's order paper. On the order paper, item No. 15 under government business reads:

June 26—House again in committee of ways and means—the Minister of Finance.

Note: For texts of ways and means resolutions, see notice paper of *Votes and Proceedings* of June 13 and July 8, 1963.

In my view this is quite appropriate for it tells us that when we get into committee of ways and means we can look at these two places to find the budget resolutions and proceed from there.

I am concerned about the way in which the same resolutions are identified in the notice paper attached to yesterday's *Votes and Proceedings*. The identification reads "Ways and means resolutions—revised budget resolutions". I do not wish to be a stickler unnecessarily about a word, but it seems to me that the word "revised" could carry the implication that the resolutions presented on June 13 have already been revised. I think we are agreed that is not the case, but that we still have before us the resolutions presented on June 13 and that the committee of ways and means is seized with them. This can be handled, I am confident, in committee of ways and means when we get there.

However, I feel that if a caveat were not entered at this point, we might then be told we accepted this wording, and the only resolutions with which we could deal would be the revised ones. It seems to me the proper course would be to go into committee of ways and means, when the time comes, and start with the resolutions with which the committee is already seized and to go on from there.

Hon. J. W. Pickersgill (Secretary of State): I do not want to enter into any discussion, but I would recommend to the hon. member that he look at page 705 of May's Parliamentary Practice, sixteenth edition, where there is a citation that bears on the point the hon. gentleman has introduced. I am just entering a caveat, too.

Mr. Speaker: I understand that the house leader, together with the other party leaders, may be getting together later this day to discuss the exact procedure to be followed.

Mr. Pickersgill: That is right, sir.

(Translation):

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Prosper Boulanger (Mercier) presented the first report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

(Text):

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Ian Grant Wahn (St. Paul's) presented the second report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

LABOUR RELATIONS

VANCOUVER—STEPS TO PREVENT STRIKE OF LONGSHOREMEN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the fact that there is mounting concern among the farmers in western Canada over the possibility of a strike by longshoremen in Vancouver, is the Minister of Labour in a position to report on the present situation, and can he tell us with some hope that the strike will not take place?

Inquiries of the Ministry

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, in reply to the question asked by the right hon. gentleman I am able to tell him that negotiations are still continuing today, as they have for the past several days. The negotiations have been very lengthy, and such intensive negotiations indicate that both parties are searching carefully and in good faith for a solution to their difficulties. While the negotiations are continuing in that manner I think there is some hope to be expressed that a solution will be found.

POWER

COLUMBIA RIVER—INQUIRY AS TO AGREEMENT BETWEEN FEDERAL AND PROVINCIAL GOVERNMENTS

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I have a question for the Prime Minister. Has an agreement been negotiated between the government of British Columbia and the government of Canada in connection with the Columbia river treaty, as reported in a C.B.C. newscast last night; and if so, will the Prime Minister table a copy today?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my hon. friend the Secretary of State for External Affairs will be making a statement on this matter in the house, I hope tomorrow.

EXTERNAL AFFAIRS

REPORTED ACTION BY U.S. TO FREEZE CUBAN ASSETS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I would like to address a question to the Prime Minister and ask whether he would inform the house what action Canada is taking respecting the announcement by the United States that she is freezing all Cuban assets, especially bank deposits, and the possibility of using Canadian banks to transfer these deposits.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Secretary of State for External Affairs and the department have been looking into the Canadian implications, if any, of this action by the United States. Perhaps my hon. friend is in a position to make a statement now.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian government received a short advance notice of these new United States regulations which were announced and which came into effect on July 8. The government is now examining these regulations to ascertain whether any Canadian interests might be directly or indirectly affected.

REQUEST FOR REPORT ON INTERVIEW BETWEEN MESSRS SPAAK AND KHRUSHCHEV

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. Will he make available to the house the report to be given to the member governments of NATO by Mr. Spaak, foreign minister of Belgium, who has recently had what may be regarded as an important interview with Mr. Khrushchev?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am sure that all members of the house are interested in the important talks which have taken place between the foreign minister of Belgium and Premier Khrushchev. Whether the nature of these talks can be disclosed is, of course, a matter that does not depend on action by this government. I should point out, however, that reports to the NATO council by member governments are confidential, and the hon. gentleman will understand, I am sure, that nothing should be done to impair the valuable process of consultation in NATO. I am sure we are all grateful to the distinguished and experienced foreign minister of Belgium for having accepted the invitation of Chairman Khrushchev to discuss with him important matters involving east-west relations at this very important time in world history.

(Translation):

FINANCE

INQUIRY AS TO BUDGET DEFICIT FOR COMING YEAR

On the orders of the day:

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Finance. Following the numerous changes in the budget, is the Minister of Finance in a position to tell the house what the budget deficit will amount to next year?

(Text):

Hon. Walter L. Gordon (Minister of Finance): I think I made that clear last night, Mr. Speaker.

(Translation):

Mr. Gregoire: Mr. Speaker, I wish to ask a supplementary question, still on the same subject. When the Minister of Finance speaks of "schools, universities and similar educational institutions", does he include churches, monasteries, and presbyteries among those "similar educational institutions"?

(Text):

Mr. Gordon: Mr. Speaker, I think any further clarification or definition of these resolutions could better be dealt with when

the resolutions are before the house, which as far as I am concerned cannot come too soon.

Some hon. Members: Hear, hear.

(Translation):

[*Later:*]

Mr. Marcel Lessard (Lake St. John): I should like to direct a question to the Minister of Finance.

Can the minister tell us why, in preparing his baby budget submitted last evening, he did not consider advisable to exempt from the tax on building materials those used by provincial governments and their agencies, namely Quebec hydro?

(Text):

Mr. Gordon: I suggest that that question might be put to me during the debate on the resolution.

PROVISION FOR PAYMENT OF SUBSIDY TO FLOUR MILLERS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I would like to direct a question to the Minister of Finance based on the promise to implement a two price system for wheat by paying a $50 million subsidy to the flour millers of this country. This is the amount experts have estimated it would cost to prevent a rise in the price of bread. Since no allowance of $50 million was made in the budget, could the minister inform this house how he proposes to arrange for this subsidy?

Hon. Walter L. Gordon (Minister of Finance): I am sorry; I have no comment to make on that question.

BANK OF CANADA—WITHDRAWAL OF SUPPORT BID FOR DOMINION BONDS

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to address a question to the Minister of Finance. Was yesterday's action by the Bank of Canada in withdrawing its support bid of 98¼ for Dominion of Canada 4½'s due in 1983 made after consideration as to how this move would increase interest rates and tend to cause tighter money?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the day to day conduct of the Bank of Canada's market transactions in government securities is of course a matter for the bank, and I am sure the hon. member would not expect me to answer his question in detail. The government does, however, accept the ultimate responsibility for monetary policy, and I can assure the hon. member that it continues to be the aim of the government and of the bank to provide the maximum encouragement to domestic economic expansion compatible with the maintenance of a sound external position and the avoidance of exchange difficulties.

With regard to its day of day purchases and sales of securities, the Bank of Canada has made it clear that it ordinarily operates by responding or not responding to bids or offers for particular issues of government securities made to it by others in the market. In determining how to respond to such bids and offers the bank bears in mind a variety of considerations, including its view of the appropriateness of credit conditions to the state of the domestic economy, developments in the capital market, and trends in the balance of international payments including the effects of the differences between interest rates in Canada and abroad on capital flows into and out of Canada. It may sometimes happen that as a result of these considerations the bank will be a buyer of a particular issue of government securities at the same price over a period of time, but this does not mean that the bank assumes a commitment to maintain any particular price. Changes in the bank's response to market bids and offers must be expected to occur from time to time in the light of developments.

Mr. Monteith: A supplementary question. Could the Minister of Finance give us any indication just what the reason was for withdrawing the bid yesterday?

Mr. Gordon: I think I made it clear in the answer I have just given, Mr. Speaker.

INQUIRY AS TO REFUNDS OF SALES TAX ALREADY PAID

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I want to address a question to the Minister of Finance. How soon will refunds be payable to individuals and companies who have already paid the 11 per cent sales tax?

Hon. Walter L. Gordon (Minister of Finance): I cannot give a categorical answer to that question, but I am sure my colleague the Minister of National Revenue will do his very best to expedite these refunds, some of which will not be able to be made until the resolution and the bill have been passed.

Mr. Harkness: A supplementary question. To whom should an individual who has paid, for example, $300 or $400 for lumber to repair his cottage, apply for the refund; to the retailer who sold him the lumber or to the Department of National Revenue directly?

Mr. Gordon: As I expect the hon. member knows very well, there is no price control in

this country. I expect he knows also that this is a manufacturers' sales tax and not a retail sales tax. And I expect he knows, in the case of the hypothetical customer to whom he has referred, that his best course is to appeal to the retailer in question.

Some hon. Members: Oh, oh.

Mr. Harkness: A further question to the Minister of Finance. Do I understand that individuals who have paid the 11 per cent sales tax have no means of recovering this money, and that the only people who can recover it are the wholesalers who paid it to begin with?

Mr. Gordon: I will try to make this as clear as I can. The customer who paid for the lumber to which the hon. member referred in his example paid a certain price for it. He did not pay a tax. If he paid too high a price, I have no doubt he and the retailer will get together and work it out.

Some hon. Members: Oh, oh.

Mr. Harkness: May I ask another question. Has the minister not contemplated any means by which people who have paid this tax will have the right to recover it? The hon. gentleman is trying to put the onus entirely on the wholesalers and retailers rather than making it the responsibility of the government which made the error to begin with.

Mr. Gordon: It seems to me we are engaging in what is to some extent a debate, but as I said earlier, anybody who has paid the tax could apply to the Minister of National Revenue.

[*Later:*]

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct my question to the Minister of National Revenue following the announcement just made by the Minister of Finance. Would the Minister of National Revenue advise the house as to the procedure an individual would follow to obtain a refund in excess of the 4 per cent rate, as announced last night?

An hon. Member: Hire a lawyer.

Hon. J. R. Garland (Minister of National Revenue): Mr. Speaker, I am sure the hon. member who has asked the question will appreciate that as a federal government we cannot enter into the relationship between the vendor and the purchaser, but I did rather anticipate that a question along this line might be asked today and I would be happy to tell him this, if I have permission.

Last evening the Minister of Finance indicated that refunds would be made to those who during the period from June 14 to July 9 have actually remitted sales tax at the full rate on goods they had sold or imported that were previously exempt. When refunds are made to the manufacturers, importers or others who have remitted the tax to the department, or where they have made deductions from the tax they would have had to pay and thus achieved the same result, it will, of course, be expected that they will pass on these benefits to those to whom they sold goods during this period. In fact it is expected that these benefits will be passed along to the final purchaser. The extent to which this will happen will depend to a considerable degree on the legal and even the good will relations between the vendor and the purchaser.

(Translation):

[*Later:*]

Mr. Gilles Gregoire (Lapointe): Mr. Speaker, I should like to put a supplementary question.

Can the Minister of Finance assure the house that he will not, as was done last year in the matter of surcharges, pass a law with retroactive effect, because he is unable to determine who in fact paid the 11 per cent tax? In my opinion, we are faced with a similar situation.

[*Later:*]

Mr. Gerard Chapdelaine (Sherbrooke): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. In view of the fact that he has just stated that the government is relying on the good faith of both buyers and sellers in regard to the refund of the 11 per cent sales tax, could he tell us what steps the government intends to take to do justice to the taxpayers in cases where there would be lack of good faith?

(Text):

Mr. Garland: Mr. Speaker, I do not think this is a question that I can comment on, on orders of the day.

[*Later:*]

Mr. Hales: I have a question to direct to the Minister of National Revenue related to the statement he just made. Are we correct in assuming that an individual who has purchased a can of paint since June 13 is now entitled to ask the retailer for a refund of the amount of tax in excess of the 4 per cent rate announced last night?

Mr. Garland: I am reluctant, Mr. Speaker, to discuss these things on orders of the day. However, I can tell the hon. member that this tax is collected at the manufacturers' level and not at the retail level. Now whether or not the retailer has paid the tax on this particular piece of goods or item of merchandise, no one would know except the dealer himself. Surely the hon. member can appreciate the difficulties connected with a federal

government getting involved in a relationship between the vendor and the purchaser.

Mr. Hales: May I ask a supplementary question. Does the Minister of National Revenue realize the Minister of Finance just told us this is what we should do?

[*Later:*]

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I should like to come back to the Minister of National Revenue for clarification. Have I understood it properly that the only position this government takes in relation to the ultimate consumer of goods in the recovery of the tax is caveat emptor, or let the buyer beware? Has the government no other solution for them to recover it?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wonder whether the Minister of National Revenue could give some consideration to the various questions that have been asked here today. On the basis of a rough computation it means that the wholesalers will have collected about $350,000 a day more than the tax will now be. Will he not do something to bring about an arrangement with the wholesalers whereby refunds will be made? Otherwise it is going to be a tremendous windfall to the wholesalers in this country.

Mr. Pearson: What about the surcharges?

Mr. Garland: Mr. Speaker, there is no justification for accepting the position which the right hon. Leader of the Opposition has just indicated. There is no justification whatsoever, and on that basis there will be no reply.

Mr. Diefenbaker: I know the minister is not required to answer, but in what respect is there not justification, leaving in the hands of the wholesalers—

Some hon. Members: Order.

Mr. Diefenbaker: I have been howled down before.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am rising on a point of order. It is that there was another item of business set down for debate this afternoon, and it seems to me that if the question period is to be turned into a debate we will never reach the orders of the day—

Mr. Churchill: Grit closure.

Mr. Pickersgill: —and that the rules with respect to questions should apply equally to all hon. members of the house, however eminent.

Mr. Diefenbaker: There can only be a debate when there are two sides to a question. In this case the government is refusing to take action, which means that the wholesalers of this country will be able—

Some hon. Members: Order.

Mr. Diefenbaker: —to have collected—

Some hon. Members: Order.

Mr. Diefenbaker: I won't be howled down again.

Mr. Chevrier: You have howled down everybody else.

Mr. Diefenbaker: The wholesalers of the country will have collected the difference between 11 per cent and 4 per cent, which amounts to about $350,000 a day collected on behalf of the federal government. The government has now changed its attitude, and surely the minister will say that something is going to be done in order to arrange for refunds, as suggested by the opposition?

Mr. Garland: I simply answer by saying that I do not for a moment accept the assertions made by the Leader of the Opposition.

Mr. McIntosh: On a point of order, Mr. Speaker, I want to refer back to the answer I got from the Minister of Trade and Commerce. Would the house leader say his reply did not agitate debate?

Mr. Speaker: Order. May I suggest that we make a little progress now.

(Translation):

[*Later:*]

Mr. Chapdelaine: Mr. Speaker, in view of the answers given us by the Minister of National Revenue and also in view of the requests we have been receiving regularly for a few days, that is where to go to be reimbursed for the tax paid, I should like to ask the Minister of National Revenue if he can tell us how he will reconcile, in the province of Quebec, the fact that when a consumer has paid the tax he will have to ask to be reimbursed—

Some hon. Members: Order.

Mr. Chapdelaine: —by the retailer, the retailer will have to call on the wholesaler as a guarantee—

Mr. Speaker: Order, please. It is the same thing—

Mr. Chapdelaine: —the wholesaler will have to call on the manufacturer as a guarantee and the manufacturer will have to claim—

Some hon. Members: Order.

Inquiries of the Ministry

Mr. Chapdelaine: —his right, in his turn, from the government—

Mr. Speaker: Order. The hon. member is asking exactly the same questions put by other hon. members.

Mr. Chapdelaine: Mr. Speaker, it is just to give an answer to those in my county who are asking where they should go.

An hon. Member: Answer them directly in writing and not here.

(Text):

Mr. Speaker: If I could count ten I would do so. May I suggest we get off this subject on to something much more pressing and urgent, as should be the case in the question period.

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I would like to direct a question to the Minister of National Revenue. Could the minister tell the house whether necessary measures have been taken in order to prevent possible abuses by the wholesalers when the rate of tax passes from 4 per cent to 8 per cent, and so on?

Mr. Garland: Mr. Speaker, I do not think I can go beyond the answer I have made, on orders of the day.

ARTS, LETTERS AND SCIENCES

PROVINCIAL REPLIES TO LETTER RESPECTING ROYAL COMMISSION

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to ask the Prime Minister whether the premier of British Columbia has as yet made a written reply to his letter of May 15 on the question of the royal commission on biculturalism.

Right Hon. L. B. Pearson (Prime Minister): Not yet, Mr. Speaker, to my knowledge. I will inquire when I go back to my office, but one had not arrived up to this morning.

INQUIRY AS TO INTRODUCTION OF BURSARY PROGRAM

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): In view of the fact that many students in Canada are making plans for the next university year, can the Prime Minister inform the house when the bursary program announced by the government last April will be implemented?

Right Hon. L. B. Pearson (Prime Minister): I will be able to announce that when we get through the business now on the order paper.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR REPLY TO REPRESENTATIONS RESPECTING RUN-THROUGH PROGRAM

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Transport when he expects to have a clear response to the request put to him more than three weeks ago by the joint running trades committee regarding the need for executive action to postpone the C.N.R. run-throughs in western Canada.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I prefer not to accept the premise of the hon. member's question; but as to the latter part of the question, I will take it as notice and try to give him an answer tomorrow.

Mr. Fisher: I have a supplementary question Mr. Speaker, and I apologize if there was any premise in my original question. I would ask the minister whether he remembers giving an undertaking to this group, which was presented to him by members of all parties, that he would give them a reply to their request?

Mr. McIlraith: Mr. Speaker, I remember meeting with the delegation, but I would not describe the delegation as the running trades of the railway unions; that was the point I was wishing to make.

(Translation):

DEFENCE PRODUCTION

MONTREAL—REQUESTS FOR CONTRACTS FOR CANADAIR

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I should like to put a question to the Minister of Defence Production. Can he inform the house of the results of his meeting this morning with the mayor and a delegation of the city of St. Laurent concerning contracts to be obtained for Canadair?

(Text):

Hon. C. M. Drury (Minister of Defence Production): As a consequence of the efforts of my colleague the hon. member for Dollard, I did have a meeting with the mayor and some of the members of the council of the city of St. Laurent apropos the possibility of continuing a high level of work at Canadair. I was able to assure the mayor and the members of council that their interest and that of the government, namely to continue to see a high level of employment at Canadair, was the same, and we are both working toward the same end.

NATIONAL DEFENCE

ALLEGED TORTURE OF GERMAN SPIES BY CANADIAN TROOPS

On the orders of the day:

Mr. Barry Mather (New Westminster): My question is one for the Minister of National Defence. In view of wire service news stories on Monday that three former nazi espionage agents claim they were tortured by Canadian troops in the Netherlands in 1944, has the department of defence any information about the accuracy of the reports—

Mr. Speaker: Order. That is a question for the order paper.

TRADE

WHEAT—INQUIRY AS TO EXPORTS IN CURRENT CROP YEAR

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): I have a question for the Minister of Trade and Commerce. Would the minister care to comment on informed forecasts that Canadian exports of wheat for the year ending this month will reach a maximum of not more than 328 million bushels and may be as low as 312 million bushels?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, this seems a curious sort of question. There does not seem to be any urgency to it, but if the hon. member wants to know my guess it would be that our exports will be of the order of 325 million bushels. How much they will actually be we will find out at the end of the crop year.

Mr. McIntosh: A supplementary question. In view of the fact that exports last year were over 350 million bushels, what special efforts has the minister or his department made, if any, to accelerate wheat sales for the year ending July 31, 1963?

Mr. Sharp: As I have explained to hon. members opposite on several occasions, when we took office there were complaints from farm organizations, who are the people most concerned, about the drop in export sales. This was unfortunate, but it was the situation that we had to cope with when we took office. The wheat board are very well aware of the necessity of maintaining, and indeed increasing, exports of wheat and flour. I was with them last week. I do not think we could do anything more at the moment to support their efforts than we are presently doing. I expect this will be on the whole a fairly good year in spite of the poor situation which we inherited when we took office.

Mr. McIntosh: A supplementary question.

Inquiries of the Ministry

Mr. Speaker: So long as it is a question and you are not entering into debate.

Mr. McIntosh: I am not entering into debate. I would ask the Minister of Trade and Commerce whether he is not aware that the elected members of western Canada represent the wheat producers, and not the farm organizations?

Mr. Sharp: Well, I am sure the farm organizations of western Canada feel that they speak for their members.

[*Later:*]

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): I have a question for the Minister of Trade and Commerce relating to an earlier statement he made in the house. Is the minister aware that according to dominion bureau of statistics figures, exports of Canadian wheat and wheat flour to the end of April, when the Liberal government took over, totalled nearly 250 million bushels, the second highest figure on record and much higher than the ten year average 1951 to 1961?

RAPESEED—REQUEST FOR AID IN SALE TO JAPAN

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I should like to direct a question to the Minister of Trade and Commerce concerning a matter of urgency. The minister is aware of the fact that Japan ranks No. 1 in dollar value as a user of rapeseed. Can the minister arrange with Mr. McNamara, chairman of the Canadian wheat board, who is at present in China, to visit and negotiate with Japan for the sale of rapeseed? Information coming out of the west indicates a bumper crop of rapeseed this year.

Hon. Mitchell Sharp (Minister of Trade and Commerce): As the hon. gentleman knows, the Canadian wheat board does not handle rapeseed. However, I shall see that the trade commissioner in Tokyo is made aware of the hon. gentleman's interest, and he will do his best to dispose of the rapeseed.

COMMONWEALTH RELATIONS

MALAYSIA—INQUIRY AS TO FORMAL RECOGNITION BY CANADA

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. Has Canada given or when will she give formal recognition to the state of Malaysia, formed as the result of an agreement signed yesterday by the countries of Malaya, Singapore, British North Borneo and Sarawak?

Inquiries of the Ministry

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, Canada has enjoyed close relations with the commonwealth entities of Malaya, Singapore, British North Borneo and Sarawak. Yesterday in the United Kingdom an agreement was concluded, and this must be related to the events which we all anticipate will take place on the 31st of August with the formation of the new federated state of Malaysia. There is no question about the continuation of the most cordial relations between this new state in the commonwealth and Canada.

TRANS-CANADA AIR LINES

DISCUSSIONS RESPECTING PURCHASE OF MEDIUM RANGE JETS

On the orders of the day:

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to ask the Minister of Transport if he is in a position at the present time to indicate to the house whether Trans-Canada Air Lines are going to have their medium jet replacement built at Canadair, and when we can expect a final decision on this matter.

Hon. G. J. McIlraith (Minister of Transport): Mr. Speaker, I would not expect a final decision on this matter for several weeks yet. There has been no decision as to what plane will be procured, and it is too early to give any indication at all in the matter.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO POSTPONEMENT OF MUNICIPAL LOAN LEGISLATION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct a question to the Prime Minister. Has house discussion of the municipal loans legislation been indefinitely postponed?

Right Hon. L. B. Pearson (Prime Minister): Not at all, Mr. Speaker. As soon as we get ahead with the business now before the house we will proceed to discuss this important measure.

(Translation):

[*Later:*]

Hon. Leon Balcer (Three Rivers): Mr. Speaker, I should like to direct to the Prime Minister a question with regard to the statement he has just made, according to which the government, in spite of Mr. Lesage's protests, has no intention of reconsidering its proposal for the tabling in the house of legislation respecting financial assistance by way of municipal loans and also a measure concerning old age pensions.

[Mr. Olson.]

Must we conclude that the Prime Minister is reverting to the theories of his predecessors of the Liberal party?

(Text):

Some hon. Members: Order.

Mr. Pearson: No, Mr. Speaker, there is no justification for the deduction contained in the hon. gentleman's question, which itself was out of order.

(Translation):

[*Later:*]

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, may I put a question to the Prime Minister? In view of the statement made by the President of the Privy Council the day before yesterday to the effect that an agreement is always possible between the federal government and the provinces with respect to the program of loans to municipalities, could the Prime Minister tell us whether he intends to propose an option formula likely to meet the objections of the province of Quebec?

(Text):

Mr. Pearson: Mr. Speaker, this is one matter that will be discussed at a meeting before long with all the provinces including Quebec, and they will be given the opportunity to express their views on this particular piece of legislation.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, may I put a supplementary question? Does the Prime Minister intend to reply shortly to Mr. Lesage's letter, considering the latter's impatience?

(Text):

Mr. Pearson: Yes, Mr. Speaker, I intend to reply to that letter in due course. I would also be interested in receiving the views of other provinces on this matter. I have not received any from any other province.

(Translation):

PENITENTIARIES

ST. PIE DE BAGOT, QUE.—INQUIRY AS TO CONSTRUCTION OF INSTITUTION

On the orders of the day:

Hon. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, may I direct a question to the Minister of Justice? Could he tell the house whether his department has given up the idea of building a medium security penitentiary at St. Pie de Bagot as was announced in 1961?

Hon. Lionel Chevrier (Minister of Justice): Mr. Speaker, a question on this matter was put on the order paper and the hon. member received an answer.

Mr. Ricard: Mr. Speaker, in the initial question I asked whether his department would carry on the maximum security project. My question today is on a medium security penitentiary.

Mr. Chevrier: Mr. Speaker, as far as the maximum security project is concerned, it will be built in the St. Vincent de Paul area for reasons already given. As for the other project, it is postponed for the moment.

(Text):

BROADCASTING

INQUIRY AS TO DELAY IN IMPLEMENTING B.B.G. RECOMMENDATIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Minister of Transport a question, notice of which I sent to his deputy minister. Can he tell us what is causing the delay in implementing the two applications approved by the board of broadcast governors, for a radio station in Winnipeg and a television station in St. John's, Newfoundland?

Hon. G. J. McIlraith (Minister of Transport): The B.B.G. recommendation regarding the St. John's, Newfoundland C.B.C. station proposed a number of conditions for inclusion in the licence. The department was of the opinion that these conditions needed clarification, and has requested such clarification from the B.B.G. The matter cannot be dealt with until a reply is received from the B.B.G.

As to the other case, the Winnipeg station, that matter is presently under ministerial consideration.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State. It is supplementary to the question asked by the hon. member for Port Arthur of the Minister of Transport. In view of the fact that the board of broadcast governors, for whom the Secretary of State speaks, has approved the application for a radio station in Winnipeg, will he see that the applicant has an opportunity to be heard before the cabinet turns down the application?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, it seems to me that the board of broadcast governors was established for the purpose of hearing applicants, and that this function should not be usurped by anyone other than the body given the responsibility by parliament.

Mr. Knowles: A supplementary question, Mr. Speaker. Are the reports correct, that if this recommendation of the B.B.G. is turned down it will be the first such instance?

Mr. Pickersgill: No. I think, sir, there was an occasion recently when the cabinet saw fit not to authorize the issue of a licence that had been recommended; and I assume that when parliament gave that power to the governor in council, it was intended to be used.

PENSIONS

INQUIRY AS TO CONSIDERATION OF LEGISLATION THIS SESSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of questions that were asked last week about Mr. Lesage's letter concerning the federal government's proposed pension legislation, a letter which we were told was being considered, can the Prime Minister now assure the house that the proposed legislation concerning the Canada pension plan will be proceeded with at this session of parliament.

Right Hon. L. B. Pearson (Prime Minister): There is a resolution on the order paper dealing with this matter, and we propose to proceed with this resolution as quickly as possible.

TRANS-CANADA HIGHWAY

BRITISH COLUMBIA—INQUIRY AS TO SECOND HIGHWAY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Public Works which is based on curiosity. Can the minister inform the house if there have been any recent discussions between the members of his department and representatives of the government of British Columbia in respect of the location of a second trans-Canada highway in British Columbia?

(Translation):

Hon. J. P. Deschatelets (Minister of Public Works): Mr. Speaker, indeed the Minister of Public Works got in touch with the ministers of highways of all provinces including British Columbia. A meeting with the representatives of the department of highways of that province will take place within two or three weeks, but at the level of departmental officials only. When we have received the reports of the officials of the federal Department of Public Works and those of the province, then it will be appropriate for both ministers to get together.

Inquiries of the Ministry

(Text):

LABOUR CONDITIONS

REQUEST FOR REPORT ON MEETING WITH UNITED MINE WORKERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Is the Minister of Labour in a position to report on meetings that were held between several members of the cabinet and officials of the united mine workers union within recent days, at which meeting he was the chairman, I believe?

Hon. A. J. MacEachen (Minister of Labour): Officers of the united mine workers of America, district 26, met with a number of members of the government on Friday last, including the Minister of Northern Affairs and National Resources, the Minister of Forestry, the Minister of Labour and the Minister of Finance. The officers of the united mine workers dealt with a number of problems of interest to them, and in particular with the recent announcement of the government extending the subvention policy for a period of five years. They expressed gratification with this. They raised also the employment policy of the government in respect of joint programs, forestry programs with the provincial governments, and also the employment policy followed at the Louisburg development. The president of the united mine workers was especially interested in the new training program and the adjustment program for new entrants to the labour force, and in respect of future employment displacements and the efforts that might be made to deal with them.

Mr. R. Gordon L. Fairweather (Royal): May I ask a supplementary question. Did the officers of the united mine workers request any budget modifications on coal mining production machinery in so far as the 11 per cent, 4 per cent or 8 per cent sales tax is concerned, or whatever it is?

Mr. MacEachen: The members of the united mine workers met separately with the Minister of Finance, and I am not able to report to the house on those discussions.

Mr. Fairweather: May I now ask the Minister of Finance—

Mr. Speaker: Order. We are entering into a debate.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO IMPLEMENTATION OF GILL REPORT

On the orders of the day:

Mr. E. Nasserden (Rosthern): I should like to ask the Minister of Labour when we can expect legislation covering the amendments promised to the Unemployment Insurance Act.

Hon. A. J. MacEachen (Minister of Labour): I have answered a number of questions on this particular point, and the situation has not changed since my last reply. At present the report of the Gill committee is under study and consideration, and when that study and consideration has been completed the government will be able to take a decision that might later be reflected in proposed amendments to the Unemployment Insurance Act.

Hon. Michael Starr (Ontario): May I ask a supplementary question. Who is making this study of the Gill report at the moment?

Mr. MacEachen: As the hon. gentleman knows, there is an interdepartmental committee of senior officials engaged in a continuing study of the Gill committee report. This committee has not as yet completed its study. Following receipt of these studies, the government will be in a position to deal with them.

Mr. Nasserden: As a supplementary question, could the Minister of Labour indicate if there is any target date when these discussions are to come to a head?

Mr. MacEachen: I am sorry but I did not hear the hon. gentleman.

Mr. Nasserden: I wonder whether the minister could indicate if there is any target date that has been set when these discussions should come to a head?

Mr. Speaker: Order. That question is really out of order, and I am sure the hon. member realizes it.

GRAIN

WHEAT—INQUIRY AS TO PAYMENT OF $2 PER BUSHEL

On the orders of the day:

Mr. F. J. W. Fane (Vegreville): Mr. Speaker, I have a question for the Minister of Agriculture but since, as usual, he is not here I shall direct it to the Prime Minister. I would like to ask the Prime Minister what provision is being made for the carrying out of his election promise to provide $3 per bushel for the initial 300 bushels of wheat delivered, and a price of $2 per bushel for No. 1 wheat based at Fort William?

Mr. Speaker: I thank the hon. member, but I do believe that question has been asked once or twice before.

Some hon. Members: But never answered.

Mr. E. Nasserden (Rosthern): On a point of order, Mr. Speaker, while this question has been asked it has not been answered.

Mr. Speaker: The hon. member well knows that this question has been asked once or twice, if not three times, and if the minister wishes to reply he may. If he does not wish to reply he is not obliged to do so. There is no point of order.

Mr. Nasserden: On the point of order, Mr. Speaker—

Mr. Speaker: If the hon. member has anything new to contribute, then of course I will hear him.

Mr. Nasserden: This is an urgent matter, as the crop year is about to end and the initial prices for grain for the new crop year will be set in the very near future.

Mr. Speaker: That may be very true, but what is the point of order?

Mr. Nasserden: The matter of urgency is the point of order that the Prime Minister should recognize.

Mr. Speaker: I think the question of urgency or lack of urgency is the responsibility of the minister.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I would like to address a question to the Prime Minister. Is it the intention of the government to introduce soon a new budget with the same Minister of Finance?

Right Hon. L. B. Pearson (Prime Minister): That question is characteristic of the hon. gentleman's intelligence.

[*Later:*]

Hon. Paul Martineau (Pontiac-Temiscamingue): Mr. Speaker, I wonder whether the Minister of Finance can give the house the assurance that the latest draft of his budget is the definitive one.

Some hon. Members: Oh, oh.

(Translation):

TRANSPORT

ST. LAWRENCE RIVER—USE OF FRENCH IN PILOTAGE MANOEUVRES

On the orders of the day:

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I had put a question to the Minister of Justice when he was Acting Prime Minister regarding a statement made by Mr. Burnside when he appeared before the royal commission on pilotage, to the effect that the seaway authorities had asked Ottawa that the French language be banned in pilotage manoeuvring—

(Text):

Mr. Speaker: Order. There is no urgency in that question, even though it is a very important one.

(Translation):

Mr. Pigeon: Mr. Speaker, last Friday I directed a question to the minister and I would ask him to supply me with an answer.

(Text):

Mr. Speaker: Order. The hon. member will appreciate that he is asking, on the orders of the day—which is his right—not less than five, six or seven questions a day, and I must consider the rights of other hon. members in the house.

(Translation):

Mr. Pigeon: Mr. Speaker, I raise a point of privilege. As a member of parliament, I have a right to ask any number of questions I feel appropriate as long as I do so in accordance with the standing orders.

Mr. Yvon Dupuis (Parliamentary Secretary to Secretary of State): As a member of parliament you have no right to act as an imbecile.

Mr. Pigeon: I do not have to take orders from anybody.

Mr. Speaker, on a point of privilege, may I be allowed to point out that the parliamentary secretary's remarks are out of order.

Mr. Dupuis: Mr. Speaker, I said that a member of parliament had no right to act as an imbecile. If the hon. member feels the hat fits him, I am very sorry for him but he can wear it.

Mr. Pigeon: Mr. Speaker, again on a point of privilege, I feel that the language used by the hon. member is not in accordance with the traditions of the house and that any hon. member who uses such language is not worthy of sitting in this chamber.

(Text):

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

Hon. J. W. Pickersgill (Secretary of State) moved the second reading of Bill No. C-80, to amend the Atlantic Development Board Act.

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

Some hon. Members: Carried.

Hon. H. J. Flemming (Victoria-Carleton): Mr. Speaker, before making any remarks I wonder whether the minister who is respon-

sible to parliament for this bill is not in the position where he would like to make an opening statement on second reading?

Hon. J. W. Pickersgill (Secretary of State): The answer, sir, is no. I was advised by hon. gentlemen opposite that I spoke too much on the resolution. Therefore it seems unnecessary for me to repeat on second reading of the bill what has already been said.

Mr. Flemming (Victoria-Carleton): Mr. Speaker, as the Secretary of State does not appear anxious—in fact he does not even appear willing—to make a statement on second reading, I might say I can quite understand his reluctance to speak because it involves the question of the principle of the amendment. The principle involved in the bill is to amend the act which was passed last autumn by a previous parliament. There is no reason for amending it; consequently I can understand the minister's reluctance to defend it in any way, shape or form. However, as he has decided that he does not wish to speak at this time, there are a few observations which I should like to make.

I should like first of all to call the attention of the house to the fact that there is an amendment before us, and I believe we should think of the original act which was passed last autumn, as well as the amendment, when making the observations which we will make on second reading of Bill No. C-80. I think we have to go back to the original act which it is proposed to amend by Bill No. C-80 and ask ourselves this question. Did we or did we not agree with the principle of the setting up of the Atlantic development board? If we did, I think we should keep that fact in mind as we speak to this bill at the present time. I expressed my opinion at the resolution stage of the bill, but having now seen and read the bill I cannot agree with the principle that a bill which amends an act which has never yet had an opportunity to function is a proper bill. I cannot accept that principle, and I do not think this house should accept such a principle.

Some hon. Members: Hear, hear.

Mr. Flemming (Victoria-Carleton): This is the case with the Atlantic provinces development board, and it is my opinion that these amendments are made for political reasons and political reasons only. The word which has come out of the province of New Brunswick is, I believe, "Wardell must go".

Now what do we ask ourselves when we are discussing the whole principle? Do we not ask ourselves the question, are we anxious to do in this House of Commons the things which will benefit the Atlantic provinces? To my certain knowledge this was the approach of the previous government, and I hope it was the approach of the present government to the same problem. The measure was designed originally to be an instrument which would lead to progress and development in the Atlantic provinces, and I have no reason to doubt it would have fulfilled that general intention had it been allowed to function. Has anyone ever proven that the original bill would not have led to the progress and development of the Atlantic provinces? I submit no one has done so.

There are certain aspects of the amendment which we cannot possibly accept. The hon. member for Antigonish-Guysborough in his remarks on the resolution said that promises made during the election campaign rendered a change imperative. I do not agree that this is a good enough reason for taking the action now contemplated. If the hon. member made some promise that he is perhaps ashamed of now, there is no reason why he should not acknowledge what has taken place instead of trying to inflict this amended act on the people of the Atlantic provinces. He says he promised certain things during the election—a better break for the Atlantic provinces, as I recall his words. In particular he spoke of providing a stronger Atlantic development board with a capital fund to promote basic development projects, to encourage the expansion of industry and to provide jobs and income.

I submit there is nothing there which was not contained in the original measure. Hon. members opposite have argued that there was not a specified amount of money at the disposal of the board. I said a few weeks ago when this measure was before the house, and I repeat this afternoon, that all the resources of Canada were at the disposal of the Atlantic development board. It was only a matter of determining what was economic, what was justified, what would lead to the development of this part of our great country. At that time the entire resources of all Canada were at the board's disposal. It is all poppycock to say there were no funds at the disposal of this board as it was originally conceived.

The hon. member for Antigonish-Guysborough said also that there had been a decision from the supreme court of public opinion in the Atlantic provinces. I asked him at that point whether he had promised his constituents that the board would die on January 24, 1969. He replied by saying it was a good thing to have a date on which the board would die because it would then have an objective for performance. I think that is a reasonable paraphrase of what the hon. member said; I assume it is, because he is not disputing it. He told us that individual

organizations work better when they have a deadline. I want to tell the hon. gentleman that the party which he supports was here for 22 years. I should like them to point to any great, outstanding accomplishments which they achieved to their credit during that time as far as the Atlantic provinces are concerned.

Mr. Pickersgill: Does the hon. gentleman want me to tell him one right away? I would mention the Canso causeway, a pretty big operation. Then there is Camp Gagetown.

Mr. Flemming (Victoria-Carleton): Yes, it is true that for the defence of the country they established a camp at Gagetown. I suppose it was put there for defence purposes. I am not saying anything in criticism of the camp. It is a splendid thing for that part of our country to have the defenders of Canada located there. But I do not think one could put the label of sound economics on it as the reason. My hon. friend from Digby-Annapolis-Kings says "And closed the one in Nova Scotia". Well, I am not standing here to argue the point. I am simply calling attention to the fact that it is nothing short of preposterous to expect this board to accomplish in five and a half years what previous governments—oh, yes, Conservative and Liberal alike; I admit that—have been working on for nearly 100 years. It was only during the period from 1957 to 1963 that we saw definite and great accomplishments as far as the Atlantic provinces are concerned.

So I hope the hon. member will agree on reflection that the clause to which I have referred should be deleted. At any rate I would expect the government to introduce an amendment to that effect, because I am unable to agree in any way that the board should be allowed to die after five and a half years. Indeed, it seems ridiculous to me that anyone could keep a straight face and say the board could possibly accomplish all its objectives within such a length of time. I urge the Secretary of State that when the proper time arrives he should accept an amendment deleting that particular provision.

I also question, if I may have the temerity to do so, our right to say that such a body as this should die at some future date so far ahead, a date beyond the life of this parliament. Who are we to say what conditions will be in January of 1969? Why should we anticipate the future in this way, especially as it appears to me such a provision is likely to do a great deal of damage to one part of our country? What is to be done in January of 1969 will be recommended to parliament by whatever government will be in office at that time. It is something for them to deal with.

I should like to return for a moment to the subject of the personnel of the board. The minister has stated that they should be strengthened. Well, we have five men named to the board, men whose gifts and qualifications cannot be improved on. I do not say it would not be possible to find five men who would be as good, but they would not be better. I will not be satisfied unless they serve the term for which they were appointed. If the present government, in its wisdom or lack of it, decides it is going to appoint six more people so that they may outvote the five, I think those already appointed should serve out their terms. I think if the government of the day decides that it should appoint people for an equal length of time, possibly, from the point of view of one hon. gentleman opposite, there may be some justification for this idea, though I cannot understand it myself. Their qualifications were examined in detail not long ago. Never in this parliament will the question of ability in this regard be doubted. I hope that an amendment will be prepared and presented accomplishing the continuation of the present board members in office for the period of time for which they have been appointed. I suggest to the Secretary of State that he use his influence to continue in office the present chairman of the board for the period of time for which he was appointed.

I have here a letter written by the Secretary of State to the present chairman. The part to which I wish to draw attention is this:

> The effective use of the fund—

That is the fund provided.

> —will clearly require a close harmony of view between the government and the board and especially the chairman.

I ask, what is meant by "harmony of view"? I think the Secretary of State owes it to the house to tell us what he means. Does he mean "harmony of political view"? I would not have thought so.

Mr. Robichaud: That is what existed before.

Mr. Flemming (Victoria-Carleton): I might say to the hon. member for Gloucester that he should be an expert on harmony of political views, because he has been working at that for a long time.

Mr. Robichaud: That is true with you.

Mr. Caron: You did also.

Mr. Flemming (Victoria-Carleton): In my opinion, the present chairman of the board will work in harmony with anyone wanting to work toward an improvement in economic conditions. This is what he said in his speech at Amherst, and the Secretary of State quoted him in detail. I will quote Brigadier Wardell also, and from the same speech:

> As to the new terms of our appointments, we shall be glad to fall in with the government's

proposals, whatever they may be, in substitution of the act of parliament by which we hold our appointments today.

I would draw attention to the next sentence, which reads:

> Personal considerations have no place in our minds. We are ready and happy to serve in any capacity.

But this government decides that the man who is willing and anxious to work in any capacity shall be given a minimum of two years notice and told to get out. That is what it amounts to.

We are here, so far as this legislation is concerned, with one object in view—the betterment, improvement and advancement of all people in the Atlantic provinces. Surely this is conceded on all sides. The Liberals of New Brunswick and the Atlantic provinces have, I suggest, put partisan considerations ahead of the good of the Atlantic provinces by agreeing to these amendments. I think history will record that they are wrong if they think petty politics should be played at all times. In my opinion they will not—

Mr. Robichaud: We never played them.

Mr. Flemming (Victoria-Carleton): Well, let us not get into that argument, because there are so many things about which I could remind my hon. friend from Gloucester—

Mr. Robichaud: And so could I.

Mr. Flemming (Victoria-Carleton): —that we would get away from the subject matter of the Atlantic development board. The people of the Atlantic provinces will not forget the attitude of this government toward the Atlantic development board, which could be so important for improvement and progress. If they would only indicate interest in that phase instead of providing for its death and funeral, then it would have much more prospect of accomplishing what it was intended to accomplish. As I said, I hope an amendment will be prepared in connection with this particular phase of Bill No. C-80.

Some hon. members have said that the $100 million is an amount which has been specifically put forward. Some hon. members have said, although the Secretary of State has not, that the $100 million was the minimum. It can, of course, be increased, but the Secretary of State has not said it will. He has said that he cannot bind future parliaments to any additional amount. Someone on the government benches must tell us that the $100 million is the amount just to get the board started; because if that amount of money is divided among four provinces over a period of six years only $5 million per year per province is provided, which does not fill the bill or meet the situation at all. If the government really want to relieve the doubt existing in many people's minds the Secretary of State, I think, should not hesitate to sponsor an amendment to the effect that it shall not be less than $100 million. Those words if inserted in the bill would be a tremendous improvement as far as we are concerned.

[Mr. Flemming (Victoria-Carleton).]

Mr. Pickersgill: Could I ask the hon. gentleman a question?

Mr. Flemming (Victoria-Carleton): Yes, indeed, though the clock keeps turning.

Mr. Pickersgill: How does he reconcile his earlier statement that he disapproved of a fund altogether with his present statement that he wants a bigger fund?

Mr. Flemming (Victoria-Carleton): Just a minute; I think the Secretary of State qualifies under the heading of what is called a tricky debater. And that is said as a compliment. All I said was that the $100 million should be the minimum and we should not be tied to that figure. May I remind my hon. friend from Gloucester that he was the man who stood here last autumn and asked where had the $1 billion got to.

Mr. Robichaud: Where is it now?

Mr. Flemming (Victoria-Carleton): We had it in the resources of Canada before the Minister of Finance got to work and brought in a $700 million deficit last night. There is plenty to take care of all those commitments.

These are the three phases which I submit must be changed to some extent when we reach the committee stage on this bill. I want now to say a word or two in connection with some remarks made by the Secretary of State when he spoke last on this matter. He indicated that my hide, you might say, was a little too thin, and he said that I should not have got annoyed. He said, as reported on page 1317 of *Hansard*:

> In those hopeful days in May or June of 1957, the spring of the great promises, they promised a capital projects program to provide federal capital assistance for provincial projects designed to enlarge the basic economy of the area. That was in 1957. Three elections later, in 1962, as a deathbed effort they produced the Atlantic development board bill, without any capital fund. We do not intend to follow that example.

He implied that in that period of time nothing had been done for the Atlantic provinces by the government of the day.

Mr. Pickersgill: I did not imply any such thing. I hope the hon. gentleman does not want to misrepresent me. I merely said, and it is perfectly evident, that that promise had not been kept.

Mr. Flemming (Victoria-Carleton): I have read what the Secretary of State said and I submit that the implication is that nothing had been done to fulfil the promises which were made. I have them all here, and may I say that there are seven promises in all and the two hon. gentlemen behind me were co-authors of them. They have been fulfilled to the letter.

Some hon. Members: Oh, oh.

Mr. Flemming (Victoria-Carleton): They have been fulfilled to the letter and I can prove it to the satisfaction of anyone whose eyes are not clouded by political bias. Let us go back and see what took place in that period. In the last year during which the government of which the Secretary of State (Mr. Pickersgill) was a member was in office, the province of Newfoundland received in unconditional, conditional and other grants, as found on page 3089 of *Hansard* of 1962—

Mr. Pickersgill: What does the hon. gentleman consider the last year? Perhaps he would identify the year.

Mr. Flemming (Victoria-Carleton): 1962.

Mr. Pickersgill: No, the year about which he is going to give figures.

Mr. Flemming (Victoria-Carleton): I have not got to it yet. If the minister will possess his soul in patience I will be glad to give it to him. This is 1956-1957, the last year in which the government of which he was a member was in office.

Mr. Pickersgill: Mr. Speaker, on a question of privilege, that was not the last year we were in office. We were in office part of the year 1957-58. The hon. gentleman knows well that these payments were very substantially increased in 1957-58 by Mr. Harris' amendments of 1956 and that the figures he is about to give are not the final figures for the Liberal government at all. They are Tory misrepresentations that have been made over and over again, and I protest.

Mr. MacEwan: Make your own speech.

Mr. Flemming (Victoria-Carleton): Mr. Speaker, I hope you are taking note of the time consumed by these interruptions. That was the last full year his government was in office.

Mr. Pickersgill: It was not the last year the government was in office.

Mr. Flemming (Victoria-Carleton): The last full year.

Mr. Pickersgill: May I ask a question?

Mr. Flemming (Victoria-Carleton): I say that 1956-57 was the last full year your government was in office.

Mr. Pickersgill: Mr. Speaker, I should like to ask the hon. gentleman a question. I am sure he does not wish to misrepresent the facts. Is it not a fact that the act of 1956, which the hon. gentleman remembers well because he said it was not enough, only came into operation on April 1, 1957, that the Liberal government was responsible for it and that the proper year to give figures for what the Liberals were responsible for is 1957-58 and not 1956-57? There is a difference of about $100 million in the payments to the provinces between those two years.

Mr. Flemming (Victoria-Carleton): All right, let us take the facts. All I am trying to do—

Mr. Pickersgill: Let us take the facts.

Mr. Flemming (Victoria-Carleton): Let us take the facts.

Mr. Pickersgill: But not the facts for another year.

Mr. Flemming (Victoria-Carleton:) The year for which the minister wants to have credit is a year in which his government was only in office from the 1st of April until June 20 or thereabouts. I am prepared, Mr. Speaker, to give the figures for both of these periods if it will make him feel any better.

Mr. Pickersgill: It would make me feel a lot better because it would be honest.

Mr. Flemming (Victoria-Carleton): I have that kind of nature that is anxious to please, so I will give the figures for both years and see how we make out. First of all, let us take Newfoundland. I was not here in that period when he implied that our members had done so little. Perhaps it was a good thing that I was not here. I am quite prepared to admit that there was a better man representing my constituency. Nevertheless, here is what the Liberal goverment did. In the year 1956-57 the province of Newfoundland received $24,826,000. In 1957-58 Newfoundland received $25,707,000. The figure for the year 1962-63 is estimated because it had to be estimated at the time these figures were prepared, but I think it is substantially correct. In that year Newfoundland received $68,205,000. That is Newfoundland alone.

An hon. Member: He would not know anything about Newfoundland. He does not live there.

Mr. Flemming (Victoria-Carleton): Well, the people there sent him to parliament to represent them. Taking Prince Edward Island:

In the year 1956-57 that province received $5,048,000, in 1957-58 $7,072,000 and in 1962-63 $14,560,000.

An hon. Member: Double.

Mr. Flemming (Victoria-Carleton): More than double. Let us take Nova Scotia. In 1956-57 Nova Scotia received $31,336,000, in 1957-58 $39,613,000, but in 1962-63 $78,515,000, or practically double.

An hon. Member: Good members.

Mr. Flemming (Victoria-Carleton): Good members; that is right. In 1956-57 New Brunswick received $29,505,000, in 1957-58 $34,058,000 and in 1962-63 $68,200,000, again roughly double and much more than double the 1956-57 figure. I have made a rough addition of the figures but I did not take 1957-58 into account because I did not anticipate that I would need to.

Mr. Pickersgill: It makes a material difference.

Mr. Flemming (Victoria-Carleton): In 1956-57 the total amount for the Atlantic provinces was $90,700,000 while in 1962-63 the total was $229,408,000. I ask you, Mr. Speaker, is it any wonder that I stood up here a couple of weeks ago and said that we could not allow this measure to pass without having an opportunity to set the record right for this house and for the country? I am sure you will agree that remark was entirely justified in the light of the information which has been given this afternoon. Nothing would give me more pleasure than to have the time to talk about the seven Atlantic resolutions which my friend sponsored.

Mr. Cashin: Will the hon. gentleman permit a question?

Mr. Flemming (Victoria-Carleton): I will when I am through. In my opinion, Mr. Speaker, it was a most unfortunate result when the supporters of the previous government from the Atlantic provinces were reduced in number in the recent election. I said that on election night and I repeat that it was most unfortunate because in my opinion—I can prove this, I think, to the satisfaction of anyone who is willing to accept logic and facts—the previous government which held office was the most considerate of and sympathetic to the needs of the Atlantic provinces of any government, Liberal or Conservative, that we have had since confederation. That is my opinion and I believe it is justified by the facts.

I will not weary the house by speaking at greater length. I have indicated those amendments that I think should be considered by our friends opposite. I know there are many members here from the Atlantic provinces and elsewhere perhaps who want to have something to say on the bill. Therefore, as I say, I will not weary the house longer at the moment.

Mr. Cashin: Mr. Speaker, I have a question I should like to address to the hon. member. He quoted two figures, approximately $25 million and $68 million. Is he aware that only $13 million of the $68 million paid to the province of Newfoundland was paid as the result of laws passed by the Conservative administration from 1957 to 1963? In other words, approximately $55 million of that total amount was paid under the provisions of laws passed by the previous Liberal administration.

Mr. Flemming (Victoria-Carleton): I am not going to get into an argument with the hon. member for St. John's West (Mr. Cashin), but I do want to say to him that his premier was the man who said it was a great thing for Newfoundland when the Diefenbaker government came into power because they had done more than had been done previously.

Mr. Pickersgill: He did not say it after term 29.

Mr. Flemming (Victoria-Carleton): He said it.

Mr. Gerald A. Regan (Halifax): I am pleased to have the opportunity to enter this discussion because of its importance to the Atlantic provinces. In doing so, I should like first to comment upon statements made by the hon. member for Victoria-Carleton (Mr. Flemming). The hon. member contends that it was solely for political reasons these amendments to the Atlantic Development Act have been introduced. I say, Mr. Speaker, it is obvious to all sections of the public that nothing could be further from the truth. The provisions that give the board a specific amount of money bring this legislation down into an area of realism in approaching the problems of the Atlantic area, instead of being something floating around in the clouds, which would result in nothing more than another report on the problems of the Atlantic region.

Not only do these amendments provide for giving a specific amount of money to this board but they provide also for broadening the representation on the board. This enables the Atlantic development board to work effectively for the Atlantic region. The hon. member suggests that there is nothing but political reasons for the new appointments. He says that the former administration gave long and serious consideration to the make-up of the board. In doing so, they came forth with appointments which do not present a broad representation of the various aspects

of the Atlantic economy. There was no representative of heavy industry and no representative of labour.

Mr. MacInnis: May I ask the hon. member a question?

Mr. Regan: Yes.

Mr. MacInnis: With reference to the statement the hon. member has just made, is he prepared to stand up and say now that the future make-up of this board will include a representative of labour, the fishermen, mining, farming and lumbering?

Mr. Regan: Well, as the hon. member for Cape Breton South (Mr. MacInnis) well knows, I do not speak for the government. However, I will certainly be urging, in my remarks, that a representative of labour be included. I wonder if last year the hon. member made representations along the same lines in favour of all these types of people he now mentions?

Mr. MacInnis: Would the hon. member permit another question? The five categories which I named were those indicated by the Prime Minister (Mr. Pearson) as being represented on the board. Is he prepared now to stand up and say he wants representatives from these five areas?

Mr. Regan: If the hon. member for Cape Breton South does not mind, I will make my speech. I certainly do want to see a representative from labour on the board at any rate.

Then, the hon. member for Victoria-Carleton said that under the Conservative regime the Atlantic provinces received more in the way of specific grants than they had under any government in the past. He used impressive statistics to illustrate this fact. However, Mr. Speaker, the test of a government is the manner in which it faces the problems existing and the way in which it comes to grips with them. I say this, that whatever the previous administration did for the Atlantic region, it did not do enough because during the years it was in office the Atlantic provinces fell further behind the rest of Canada than they had been previously in industrial growth; they fell further behind the rest of Canada during those years than they had been previously—

Mr. Flemming (Victoria-Carleton): I wonder if the hon. gentleman would mind proving that statement?

Mr. Regan: I would be happy to do so upon a subsequent occasion if the hon. member—

Some hon. Members: Oh, oh.

Mr. Regan: —if the hon member seriously takes issue with it.

Mr. Flemming (Victoria-Carleton): I do take issue with it. If the hon. member wants me to comment upon the statement, he is saying that the rest of Canada advanced at a greater rate in that six-year period than did the Atlantic provinces. Perhaps it did, but it is my profound impression that we did gain some ground.

Mr. Pickersgill: Look at the unemployment figures.

Mr. Flemming (Victoria-Carleton): We are talking about per capita income.

Mr. Regan: Hon. members on the other side will tell us that there was no unemployment during that year. However, we found a great many voters in the Atlantic provinces who thought there was. For this reason, the hon. member for Victoria-Carleton has had occasion to regret the fact that Conservative members were not returned. During the years the hon. member for Victoria-Carleton was the premier of New Brunswick, he did not feel the same way. Although he indicated he was pleased with the new grants, he did not indicate he was completely satisfied with the amount that had been given to the maritimes at that period.

I want to say, Mr. Speaker, that at the moment we have a situation where the Atlantic development board can do something. We have no assurance it will be successful. In the past many attempts have been made to help the maritime economy, but they have failed. Hon. gentlemen on the other side of the house know full well that some of the present members of the board have, for years, been violently partisan supporters of the Conservatives. These appointments by the former regime were of a partisan nature.

Mr. Flemming (Victoria-Carleton): Name them.

Mr. Muir (Cape Breton North and Victoria): Name them, and what did they do?

Mr. Regan: However, I would be the first to say that some of these men are men of considerable ability, men who I am confident are genuinely dedicated to the improvement of the maritime economy, as are most Canadians. I believe it is noteworthy that this government has not just displaced these members of the board, but has proposed rather to broaden the make-up of the board to make it more representative of the economy and make it a more effective board. Surely, the supporters of the former government cannot seriously object to this unless they are complaining, as I suspect is the case with the

hon. member for Victoria-Carleton, that the members of that side of the house will not have such partisan influence upon the board after the new appointments as they may have had in the past.

I note that objection is made to the fact that the appointment of new members to the board may change somewhat the character of the board. I want to say this, that if we are to work for the improvement of the Atlantic economy, for the welfare of that economy, then let the voice of the faction be hushed. I would urge the government to consider making appointments to this board on a non-partisan basis. It is my hope and expectation that the additional appointments to the board will be of that nature. There has been some criticism also of the length of the appointments of the present members, and the fact that their terms would be shortened. My opinion is that the new legislation makes provision for reappointment, thus a member can be reappointed if he shows he has a contribution to make. If he has no contribution to make, someone else can be appointed. Surely this ensures that members will use greater energy in their attention to their duties; surely it discourages procrastination.

I should like now to deal with some questions concerning the actual role of this board. The economic problems that promoted the establishment of the Atlantic development board have existed in varying degrees since the first days of confederation. In my province of Nova Scotia, these problems first erupted when the tariff policies of the new dominion required us to change our trading patterns of 150 years standing. We found ourselves at one extremity of the new nation; and then, as now, the cost of transportation made it difficult to adjust to the new trade lines. These difficulties were not unforeseen, and as a result there was such a body of opinion against confederation that the provincial government of the day did not dare submit the issue to the public. Thus, Nova Scotia was the only province in which the people had no opportunity to vote on the question of entering confederation.

It was, however, an inherent consideration of confederation that a railway would be built uniting us with Quebec and Ontario, thus enabling the ports of Halifax and Saint John to become the major ports of the fledgling nation. Interior circulation is always more difficult in the extremities, but this use of our ports was to offset some portion of our disadvantage. We have such a railway today, as a matter of fact we have two of them, but these railways are not being fully utilized and the splendid port facilities of the maritime harbours are often unused while a shocking portion of Canada's imports and exports are passing through United States ports.

I am not now dealing with competition from winter navigation on the St. Lawrence, or indeed competition from the seaway; but the freight handled over the docks of New York helps no part of the Canadian economy. The same freight handled over the docks of Halifax and Saint John would put dollars in the pockets of our workers and help bolster the martime economy. How ironic, how insane, for a nation which recognizes the unhealthy nature of the maritime economy by the establishment of this board to allow foreign ports to benefit from Canadian overseas commerce when the full use of maritime ports would lessen the amount of aid our area requires.

I have a few d.b.s. statistics in this regard, prepared by the maritime transportation commission, and these show that in the year 1960 42 per cent of engine boilers and locomotives exported from Canada were exported through United States ports. They show that 42 per cent of farm implements and machinery were exported through United States ports to a value of $2½ million. They also show that 122,000 rubber tires and inner tubes were exported through American ports, while only 137,000 were exported through Canadian ports. When it comes to Canada's export of automobiles we find that 74 per cent, or a total of 15,153, were exported through United States ports as against only 5,000 exported through Canadian ports. The same thing holds true for electrical apparatus. Some 40 per cent, to the value of over $8 million, was exported through American ports, and indeed all Canadian overseas exports via United States ports amounted to $143 million worth of goods in the same year. I suggest this would give a lot of employment on our waterfronts.

Mr. MacInnis: Would the hon. member permit a question?

Mr. Regan: A little later. I would like to finish these statistics.

Mr. MacInnis: It is right on this matter.

Mr. Regan: During the same period we imported from overseas, through American ports, $241 million worth of goods. What I say is that a substantial change in these statistics would be one very valid and immediate way in which the economy of the Atlantic region could be helped.

Mr. Flemming (Victoria-Carleton): May I ask a question?

Mr. Regan: At the conclusion of my remarks.

Mr. Flemming (Victoria-Carleton): Has the hon. member brought this to the attention of the present Minister of Trade and Commerce?

Mr. Regan: I think I am doing it most effectively at the moment.

Mr. MacInnis: Make sure he reads it.

Mr. Regan: I am very gratified that the Atlantic development board was established by the previous government. I am more gratified that the present government has given it funds to carry out its work. That these types of equalization assistance will be given by the federal government to areas that need assistance, is a basic part of our confederation.

There are in Canada today those who say that the shape of confederation must change, that the provinces must gain more autonomy, that Canada must become a group of loosely federated states, with each province retaining most of its own taxing power and the field of operations of the federal government severely restricted. I want to say I am distressed at this conception of confederation. There are many in Nova Scotia who say that we could not and would not stay in that type of confederation.

The proper and original concept of confederation envisaged a united nation in which the outlying provinces would receive some form of equalization assistance in return for being subjected to the tariffs which protected the industries of the central provinces.

It has always been the case that we could buy almost any commodity from the United States or from abroad rather than from Quebec and Ontario, were it not for the protective tariffs. Some consideration must be given in return for making us a captive market. This Atlantic development board is such a consideration; but these acts of assistance or equalization could not be granted by a federal government which had given away most of its taxing powers to the provinces.

So, I say again that in any reform of confederation the federal government must be left in a position that will enable it to carry out its historical and constitutional responsibilities; otherwise, through retrogression we may move to the status of a group of divided, Balkan type states.

We have a great need to develop a new type of biculturalism in Canada. We must rectify the cultural and commercial inequities that exist between the French and English speaking races, but we must not allow this to be used as an excuse for the shifting of power from the federal government to provincial governments. The federal government must be left the necessary powers and taxing authority to carry out its proper role.

I suppose there are a number of different opinions on the role that the Atlantic development board should carry out, and I should like to give my concept of the board's function. I submit that the board should proceed with the expenditure of the allocated funds only after thorough research. Too often in the past attempts to prop up the economy of the maritime region have failed, with ad hoc expenditures resulting in no permanent improvement. We wonder today if this latest effort to alleviate our economic problems will succeed where others have failed. To this end I urge that the board undertake no capital expenditure until research has clearly shown that the expenditure will in turn produce lasting improvement to the economy, commensurate with the amount of the expenditure.

The hon. member for Cumberland (Mr. Coates) who is not in his seat at the moment, strongly advocates the building of the Chignecto canal. I am not sure this is economically logical. At least one member of the present board has indicated he is in favour of it but, using this as an example, all I ask is that the board thoroughly determine whether such a project, after completion, would have any marked effect upon our economy, and whether any improvement it did spawn would bear a reasonable relationship to the amount of the expenditure. If not, then the canal should be rejected in favour of some other project capable of more significant, lasting effect.

I submit that the board should not rush into a rash of quick expenditures for political reasons, because of an election coming on in three years time, or anything of that nature. Let us have the initial emphasis on research. I am not at all sure that the board should do the research itself. In many instances I think it should be done by outside consultants. Then I am sure that when the board can present well documented results to Ottawa and show it has sound proposals, its thinking can be marketed here in Ottawa. That is the most important role the board can carry out, and if it shows good justification for the expenditure of $400 million rather than $100 million, I am sure the government will be ready to spend that amount.

The 11 members who make up the board have the function of riding herd on the operation, but obviously because of the part time nature of their services the research, as I have said, should be done by outside groups.

The board has aready indicated that it would study the effect of winter navigation

on the maritime economy. I think this is a study that badly needs to be done. I think it should be done by outsiders, as I have said; they should not be civil servants and they should be from outside the Atlantic region. But above all, this study should project future effects of increasing winter navigation on the St. Lawrence as well as current effects on the seaway.

Mr. Speaker, the fact that this board has been constituted by the former government, the fact that it has now been given funds by the present government, does not mean that its success is assured. Previous attempts have been made at solving the problems of the Atlantic region, and they have not been successful. This board has a hard job, and I am sure we all fervently hope it will succeed. I do know that if the services of this board and some of its funds are used in Nova Scotia in conjunction with the tax exemptions outlined for new industries by this administration, and if the board works in co-operation with our provincial crown company, Industrial Estates and with the area development agency of the new department of industry, then the prospects of success look brighter than ever before.

With reference to Industrial Estates, it is my hope that the Atlantic development board and this company can co-operate in bringing new industry into my province without being concerned as to whether the provincial or federal government will get the political credit. If these things are done, and if the documented recommendations of the board are carried out by Ottawa, then the results may carry animation and vigour to areas of the Atlantic provinces where stagnation and unemployment have been prominent.

Mr. Flemming (Victoria-Carleton): Mr. Speaker, I wish to ask the hon. member a question. He spoke about the large capital projects, and particularly with reference to the Chignecto canal. Is he not aware that under the original bill all recommendations had to be approved first by the minister and then by the government?

Mr. Regan: I am aware of that, Mr. Speaker, and I do not see that it is any significant drawback at all. Perhaps I did not hear the question properly; I did not hear it too well. However, as I understood the hon. member for Victoria-Carleton, he asked whether I am aware of the fact that expenditures have to be approved by the government before they are actually made.

Mr. Flemming (Victoria-Carleton): The minister first, and the government second.

[Mr. Regan.]

Mr. Regan: Because of the dedication of the minister in charge of this board to the interests of the Atlantic provinces, I cannot think of a more worth-while clause.

Mr. MacEwan: He is dedicated to the Liberal party.

Mr. Flemming (Victoria-Carleton): I am giving him the benefit of the doubt.

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, it is with pleasure that I rise to speak briefly on the bill to amend the Atlantic Development Board Act. According to the bill, it is proposed to increase the number of members from five to eleven, and to establish a separate account in the consolidated revenue fund, called an Atlantic development fund, to which shall be credited the sum of $100 million. This is to be used for the purpose of financing or assisting in financing programs or projects, instead of measures and projects as in the original bill, that would contribute to the growth and development of the economy of the Atlantic region and for which satisfactory financing arrangements are not otherwise available. The bill also states, among other things, that the said act shall expire on January 24, 1969.

I was very much interested in the remarks made by the last speaker. He questioned the growth in the Atlantic provinces, especially in Nova Scotia. While he was speaking I happened to look at "The New Nova Scotia, an Industrial Review and Forecast for 1963" as put out by the Halifax *Chronicle-Herald*. I would like to read from this publication an unbiased account. Certainly the president of the Halifax board of trade could not be accused of being political in his remarks. He stated in that account:

> The year 1962 has witnessed unprecedented growth for our city,—

—that is, the city of Halifax—

> —new shopping centres, additional office buildings, private and public housing, and the establishment of a substantial number of new businesses.

In the same industrial review the mayor of Dartmouth said this:

> In one major step in 1962 we have seen Dartmouth become Canada's hydrographic and oceanographic research centre,—

I would add my own interpolation there Mr. Speaker, that this was as a result of the Conservative government and the fact that we put the oceanographic base in Dartmouth. The mayor of Dartmouth continues:

> —there has been consolidation and modernization of the naval air arm installations locally groundwork has been laid for a million dollar hotel fitting a city of the 21st century; industrial growth has been substantial and diversified—

There is even one comment here that one might excuse as a political comment. It is made by the present senior member for Halifax, (Mr. Lloyd).

Mr. Flemming (Victoria-Carleton): The white haired one.

Mr. Crouse: This is what he said:

"In fact", said Mayor Lloyd "there was new construction all around the city, with indications of more and more to come—new apartments, hospitals, office blocks, government buildings, etc". This was the most tangible evidence of the sweeping private and public enterprise redevelopment taking place now.

Mr. Regan: Mr. Speaker, would the hon. member permit a question?

Mr. Crouse: Certainly.

Mr. Regan: Is he aware that this growth which occurred in the Halifax area during the past year was primarily due to the efforts of the other hon. member for Halifax (Mr. Lloyd), the mayor of the city of Halifax, his council and indeed the municipal authorities of Dartmouth, and Industrial Estates, which is an independent, non-political, crown corporation in the province of Nova Scotia?

Mr. Crouse: I will not go into that matter, Mr. Speaker, because it is not part of my speech; but the mayor of Halifax gives full credit to the federal grants in this article. Those federal grants were awarded to the Atlantic provinces by the Conservative government.

Mr. Flemming (Victoria-Carleton): You had better get together with the other member for Halifax.

Mr. Crouse: We on this side of the house, especially the members from the Atlantic provinces cannot help being concerned over some of the aspects of this bill. After all, the Atlantic development board is a new board and, as introduced in this house only last December 4, 1962 by the hon. member for Victoria-Carleton (Mr. Flemming), was a creation of the Progressive Conservative government when it was in office. This board was in keeping with our program of instilling confidence in the Atlantic provinces, a program that started at that famous meeting in Moncton in the spring of 1957, when the Conservative candidates for the Atlantic provinces met and drew up the Atlantic resolutions. When selecting the membership of the development board, due consideration was given to each Atlantic province, and the men appointed, together with the chairman, Brigadier Michael Wardell, are men of integrity who have made outstanding contributions to the economy of the Atlantic provinces. They are men who are familiar with our problems, and in my opinion the board as presently constituted was quite capable of analysing and assessing the needs of our area.

The present government has condemned the original board before it has had a chance to function. There is an old saying, I believe, by Abraham Lincoln, that you cannot strengthen the weak by weakening the strong. That is exactly what this government is doing. These men have already been appointed; they have already gained knowledge of our province, and if we allow this measure to pass we will only weaken the present board.

The board as constituted by the Conservative government has not had a fair trial. This action on the part of the present government is similar to the lawless rule of pirate days, when the victim walked the plank and the merits of his case were discussed at a later time. How did the present administration know that the board as presently constituted would not work? When I asked the Secretary of State (Mr. Pickersgill) whether this was to be the action taken with all boards, he replied no, apparently this action is to be taken only with this board. How did they know it would not work. There is no concrete answer. The allocation of a fund of $100 million is also in question. In the opinion of many Atlantic province members in the house, it is insufficient to cover this huge area. When the Minister of Fisheries (Mr. Robichaud) spoke on the resolution to set up the original board he asked if he was correct in assuming the board would channel $1 billion into the region in the next ten years. This, I submit, would be a much more realistic figure. If we look at the bill, we see that clause 6 provides for a new section, section 16 (4) as follows:

The total of all amounts that may be paid by the Minister of Finance to the board under subsection (1) and credited to the Atlantic development fund is one hundred million dollars.

Is this double talk, or is that the total amount which will be paid to our area through this board between the present date and the death of the board? As hon. members know, it was our intention to back up the recommendations of this board in connection with all suitable projects with the vast resources of the federal government. By making the partisan changes proposed in this bill, by killing the original measure on January 24, 1969, the present administration is not building up the confidence in this board required by the investing public who, in the final analysis, must help develop new secondary industries in the Atlantic provinces.

I think it was fitting that the present Minister of Finance (Mr. Gordon) should have introduced this bill at the resolution

stage on behalf of the Secretary of State (Mr. Pickersgill). I say this because there are very few ministers in the present government who did more to destroy investor confidence in our area and, in fact, recently, in the entire dominion of Canada, than the present Minister of Finance. For example, in the preliminary report, dated December, 1956, of the royal commission on Canada's economic prospects, he quotes chapter and verse in illustration of our low average income per capita between 1935 and 1957 during the 22 years of Liberal government. Why did those men of vision not do something about those problems during that period? He said, and I quote:

> Living standards are lower than they are in the rest of Canada, and it is in everyone's interest to reduce this differential... It is not suggested this should be accomplished by ad hoc projects and handouts; such measures are as unpalatable to the recipients as they are to those who must foot the bills.

That was not very encouraging, but the hon. gentleman continued by saying—and this is the part to which I take exception—

> Even if assistance is provided for those people who might be willing to move elsewhere, many people undoubtedly would prefer to remain where they are, despite the handicaps referred to. People who so choose should at the same time be prepared to accept a different kind of life, or certainly life at a different tempo and lower levels of income.

It is evident we did not choose to follow his advice. In any event, this is not the kind of language which builds investor confidence. The hon. gentleman carried the same theme into other fields. For example, on page 103 of the same report he had a similar solution for the difficulties of our miners.

> We believe, however, that generous assistance should be provided for the mine workers who will be displaced as a result of the difficulties which we foresee. Special measures will be needed for looking after these people and for re-establishing in other industries those who may be interested in such an alternative. It may be that such measures could be included under a broad national scheme referred to in the discussion about agriculture in section 3 for relocating people who may wish to abandon submarginal farms and be re-established in other industries. But the problem of the Nova Scotia coal miners and their families is a particularly difficult one which will require both a sympathetic approach and special treatment. We suggest that on economic grounds alone, having regard to the amount of the present subsidy, there would be every justification for paying the full amount of the transportation costs of all the members of any families who may be willing to move to other parts of Nova Scotia or elsewhere in Canada; for assistance in the provision of housing; and for training for other occupations, possibly in co-operation with industry.

In view of the statements made in the past by the present Minister of Finance, and in the light of his recent fumbled, bumbled budget, the house will readily understand our concern over any proposals he or his government may make with regard to our future government. In my opinion, his statements destroyed investor confidence in the Atlantic area, and the present bill to provide the Atlantic development board with $100 million is only a form of mild compensation on the part of the Liberal party in an effort to make up for 22 years of neglect. It is window dressing. I submit it is not enough.

Contrast the statement made by the hon. gentleman with the action taken by the Conservative government when it came to office in 1957. One of our first acts was to approve Atlantic provinces adjustment grants amounting to $100 million over a four year period—a fact seldom mentioned by Liberal speakers. The impact made by these grants has been referred to this afternoon by the hon. member for Victoria-Carleton (Mr. Flemming). They were later increased to $175 million to be paid over a five year period between 1962 and 1967. Armed with this extra money from the federal government, the provincial governments were in a position to expand their fishermen's loan boards, to create industrial estates and to provide capital for the much needed expansion of industry. It was a Progressive Conservative government under the leadership of the hon. member for Prince Albert (Mr. Diefenbaker) which for the first time in 22 years said to the people of the Atlantic provinces: We have faith in you; we put our trust in you; we have confidence in your ability to grow and develop in your own area, and we are going to provide you with help from the federal treasury.

When these promises were put into effect by the Conservative government, investor confidence was restored in the Atlantic provinces: And we needed to have confidence restored. After being told there was no help except a one way ticket to some other part of Canada, the Atlantic adjustment grants shone like a beacon through the fog of despair created by the Liberals. In 1957, there were few new industries being established in Nova Scotia and the pledge for federal help was like a spur to our people similar to the words of Winston Churchill on June 4, 1940 when he rallied the allies to the defence of freedom by his statement:

> We shall defend our island whatever the cost may be, we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets; we shall fight in the hills; we shall never surrender!

That was also the battle cry of the Atlantic provinces—"We shall never give up".

This new approach on the part of the Conservative government completely changed the outlook in the Atlantic provinces. There are others here from the Atlantic provinces who, no doubt, intend to speak, so I shall deal only

with Nova Scotia. By any standard of measurement, industrial development in Nova Scotia since 1957 has been outstanding and spectacular. A new, aggressive spirit has been demonstrated by business and industry. More than 31 new plants have located in our province during the last six years. The Halifax *Chronicle-Herald* printed a special edition on January 8, 1963, called "The new Nova Scotia" and its industrial review and forecast gave an encouraging outline of the development which has taken place. Since that date, a new automobile manufacturing concern which will initially employ over 250 people has been opened in Dartmouth—

An hon. Member: What did the federal government have to do with that?

Mr. Crouse: The federal government provided the Atlantic provinces adjustment grants. If the hon. member had been listening he would have heard me say that Industrial Estates was set up by the use of some of this money. In addition, the federal government, represented by my hon. friend from Digby-Annapolis-Kings (Mr. Nowlan), made concessions to this plant so that it could ship its products right across Canada. This is an entirely new development, something which never happened under a Liberal government.

An hon. Member: It could have been done anywhere in Canada.

Mr. Crouse: Certainly, and under another government it would probably have been done somewhere else. But under a Conservative government it was in the Atlantic provinces.

A $6 million fish plant is under construction in Lunenburg; a new carpet factory is planned for Truro, and a new aluminum can company for Kentville. On Friday, June 14, a $12 million cement plant was announced for Truro. When in operation, this plant will employ 100 men, and fuel consumption will be between 40,000 and 50,000 tons of coal per year. No less than 15,000 tons of limestone will be required annually. This indicates the type of industrial revolution which is under way in Nova Scotia. When one adds to this the continued boom in our shipbuilding yards as a result of our shipbuilding subsidy program, plus other concrete achievements such as the restoration of Fortress Louisbourg and the notable expansion of our fishing fleet, it is possible to realize the progressive impact which Conservative legislation has had on Nova Scotia since 1957.

The Secretary of State (Mr. Pickersgill) has told the house it is his intention to show the Minister of Public Works (Mr. Deschatelets) the new structures required by the fishermen of Newfoundland. I hope in paraphrasing it that I have quoted him correctly. Certainly no one familiar with the industry will deny that wharves and breakwaters are a necessity so far as fishermen are concerned; but I hope that the increase in the membership of the board from five to 11 will not mean that partisanship considerations will overrule economic necessity. We already see this partisanship attitude at work in clause 4 of the bill, whereby the existing members will be continued for one year instead of three, and the present chairman will be continued for a period of two years as a member of the board. This board is now top heavy with Liberals—or it will be, with the governor in council appointing a new chairman. Although Brigadier Michael Wardell has ample qualifications for the position of chairman, I predict he will be replaced on the coming into force of this amended legislation. This change may not have too serious an effect on the operations of the board, provided the new chairman is a man holding an unbiased interest in the development of the entire Atlantic area.

An hon. Member: Like the present one.

Mr. Crouse: The Secretary of State, I submit, should use his influence to help retain its present chairman, who has made such an outstanding contribution to the development not only of New Brunswick but of the entire Atlantic area. However, in view of the partisan attitude already evidenced in this debate, I express the hope that the two Atlantic provinces governed by Conservative premiers will be given equal consideration with the two provinces governed by Liberal premiers, when important development projects are under review. Personally I will not be satisfied until I hear that the original members of the board are permitted to serve the term for which they were appointed.

Finally, Mr. Speaker, I express my concern over the fact that the bill states the act will terminate on January 24, 1969. At this time we have no yardstick to enable us to determine the rate of development of the Atlantic provinces between the present date and the date in question. If the growth under former Liberal governments is any indication of the progress to be expected, it may well be that our development will be rather slow. I also wonder whether the provincial premiers were consulted on this point. In view of the concern the premier of Newfoundland expressed over the transition grant, he may take similar exception to the termination of this bill on a fixed date, and I wonder whether the Secretary of State has in fact consulted with him on this point. When the premier of Newfoundland visited Ottawa recently the Secretary of State kept looking at the gallery as he spoke, and it reminded me of the

psalmist who said "I looked unto the hills, from whence cometh my help". As I say, this is a point on which he could consult the premier of Newfoundland.

In my opinion, the growth of industry and population in the Atlantic area will be the determining factor when considering the extension of the Atlantic development board act, and the clause terminating the act should be deleted from the bill. The board will have plenty of work to do from now until 1969, and well beyond that date. We are only now beginning to modernize our fishing industry and further development along these lines is required. We are finding new uses for our coal; one which I mentioned was in helping manufacture cement. But still further progress must be made if we are to raise the levels of income in our coal producing areas.

Transportation is an age old problem in the Atlantic provinces, and we need a second ferry between Nova Scotia and New England to help increase our tourist industry and provide a new outlet for our expanding fish production. The Minister of Transport (Mr. McIlraith) stated that this could not be justified economically; but I submit that a new ferry could be built, and that while in the summer months it would serve the tourist industry and our fishing industry, it may well serve as an icebreaker during the winter months when additional ferry service may not be required between Nova Scotia and New England. By 1967, when celebrating confederation, each Atlantic province should have at least one section of highway 100 miles in length built entirely by the federal government at the direction of the provincial premiers, to be called "confederation drive". The more highways we build the more we can hope to expand our tourist industry. The more we develop this country the more we strengthen our industries and the entire economy of the nation.

The Secretary of State, (Mr. Pickersgill) speaking at the resolution stage, quoted from a reprint of the *Atlantic Advocate*, in which Brigadier Wardell stated that he and the other Conservative appointees were ready and happy to serve in any capacity on this board. Being men of integrity and good character, as well as good Canadians, they would say no less. However, the Secretary of State did not quote the entire speech. Here, in my view, is the most important part:

> The four provinces have many needs in common. The question is whether or not their disabilities are to be swiftly remedied. An immense effort is necessary if the economic lag is to be overcome. Only money can supply it. Massive investment over the next decade is the essential requisite. Of course, many human qualities must be added, qualities of judgment, industry, enterprise. These cannot succeed without the money.
>
> In assessing the scale of the effort, I have repeatedly used the figure of $4 billion to measure the total of public and private investment necessary in the area between now and 1980.
>
> We have average incomes lower by a third than in the rest of Canada, with double the unemployment and half the capital investment per capita. We have a growing labour force, and everywhere mechanization tends to reduce the number of jobs available.
>
> It must be our task to provide the necessary number of jobs at the requisite rate of remuneration to replace our existing substandard employment areas and to create opportunities for the unemployed as well as for the new entries into the labour force. The task is a formidable one. Our first duty is to face it and publicly to declare its scale.

[Mr. Crouse.]

This is the task, Mr. Speaker. But the scope of development that was planned by the Conservative party is of too great a magnitude for this Liberal administration. This is the reason that these members are being replaced and a cut-off date established. I hope that the government will reconsider its stand, recognize the magnitude of the problem and extend the termination date until at least 1980. We have seen what 60 days of indecision did to Canada, and especially to our construction industry. Let us not be indecisive where the Atlantic provinces are concerned. Let us use this bill by extending its expiration date until at least 1980. By increasing the amount of money available and by making the amount of $100 million the least amount to be expended by the board, we could use the bill thoughtfully to develop and expand the opportunities in the Atlantic provinces so that our people may enjoy a standard of living and incomes comparable with other Canadians.

Mr. Regan: Would the hon. member permit a question?

Mr. Crouse: Certainly.

Mr. Regan: The hon. member spoke of the industrial expansion of the area. During the past six years what industry was brought into the province of Nova Scotia which employed as many people as Fairey Aviation or Cossor, which were brought in under a Liberal administration? Would the hon. member also indicate what new industries were established under the Conservative regime in industrial Cape Breton?

Mr. Crouse: This is typical of Liberal thinking. It is going backward. We looked at the problem and said that the Atlantic provinces needed development. We convinced the former prime minister to make available $100 million and then an additional $175 million. I suggest that all the junior hon. member from Halifax has to do is to fly over Nova Scotia and look at the expanding suburbs and he will see the development which is taking place.

The Acting Speaker (Mr. Batten): Order. It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills.

PRIVATE BILLS

FIDELITY MORTGAGE AND SAVINGS CORPORATION

Mr. J. B. Morison (Wentworth) moved the second reading of Bill No. S-22, to incorporate Fidelity Mortgage and Savings Corporation.

He said: Mr. Speaker, the purpose of this bill is to incorporate under federal charter Fidelity Mortgage and Savings Corporation or, in French, Compagnie d'Hypothèque et d'Épargne Fidélité, so that they may engage initially during the development stage in the conventional mortgage field in my area, and later when the company has established itself it will expand geographically both in the mortgage field and in its operations, with the permission of the insurance department, and then commence to take deposits and savings from the public. The petitioners are not inexperienced in this field. They are essentially the management of Fidelity Management Limited. This company was chartered provincially in 1958 and since that time has conducted a successful and useful function in the area extending from Oakville through the golden horseshoe to the Canadian border. Their business has been the administering of mortgage investments owned by financial institutions and individuals and as such they have handled 400 conventional and N.H.A. mortgages in 1962. The total value of these mortgages was just over $9 million.

Additional experience has been gained through a further company, Wenagara Corporation Limited, a wholly owned subsidiary of Fidelity Management Limited. This company was incorporated in July, 1961, was appointed and approved under the National Housing Act in September of that year and commenced operations in the spring of 1962. Since that time they have processed 150 N.H.A. mortgages totalling approximately $2 million.

The petitioners are all Hamilton and area men. To allay the fears of some hon. members, I might say that to live with these men is to know them and with this knowledge I can assure hon. members that they are not the type of people who would easily allow control of their company to pass into foreign hands. They are Canadian for generations and have contributed to our community growth over many years. If we are to have growth in this country and if this growth is to be promoted by Canadians, I ask hon. members to encourage and help these petitioners in their efforts by supporting this bill.

The bill provides that the capital stock of the company shall be $1 million, which may be increased to $5 million. The provisional directors may not call a general meeting until $500,000 of the capital stock has been subscribed and may not commence business until $500,000 of the capital stock has been subscribed and $200,000 paid thereon. The head office of the company is to be in the city of Hamilton and the company will have the power to conduct business under the provisions of the Loan Companies Act.

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

UKRAINIAN CANADIAN FOUNDATION OF TARAS SHEVCHENKO

Mr. Nicholas Mandziuk (Marquette) moved the second reading of Bill No. S-21, to incorporate Ukrainian Canadian Foundation of Taras Shevchenko.

He said: Mr. Speaker, this is the second effort by this foundation to receive incorporation. In the last parliament a like bill was passed in the other place. It received second reading here but bogged down in the miscellaneous private bills committee. Before the difficulties were ironed out parliament had been dissolved. Hence the foundation has started the same procedure again and I hope with better success.

I crave the indulgence of the house to make a brief reference to the promoter of the foundation and the name which it carries. The promoter of the foundation is the Ukrainian Canadian committee which was organized in 1940 by Canadians of Ukrainian origin for the purpose of promoting the war effort. They did a creditable job. I might add that there are no communist elements in this committee.

After the war the committee proceeded to assist the Canadian government in settling refugees or taking care of them when they came to Canada. As a further project it initiated a fund to build a monument to the memory of Taras Shevchenko, a poet and martyr for freedom of the Ukrainian race. The monument was unveiled several years ago and stands in the legislature grounds in the province of Manitoba.

The unveiling of the monument gave the committee the idea of incorporating a body politic which, according to the terms of the bill, would receive donations, contributions and legacies from donors. That is the main purpose of the bill. These donations and legacies are to be invested and the income from the investments is to be used for the promotion of Ukrainian culture. Lest there

be any confusion in the minds of hon. members, let me say briefly that according to the definition in the bill Ukrainian culture means the culture of the Ukrainian people in the fields of letters, fine arts, literature and science. This, Mr. Speaker, is the purpose of the bill, and I am honoured to have the opportunity of moving second reading.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, when the bill was considered in the miscellaneous private bills committee last session it bogged down a little because of a misunderstanding as to what powers the foundation would have in dealing with donations, contributions and legacies from donors. I do not wish to engage in a long debate or a repetition of what took place at that time, but my understanding then was that there was some confusion whether the foundation would have the power to use the actual moneys received in donations, contributions and legacies or whether it could use only the income derived from investing these moneys. In looking at clause 4 of the bill I see the same wording and I am wondering whether it is now definitely the objective of the foundation that it will be restricted to using the income from its investments.

Mr. Mandziuk: Mr. Speaker, I am glad that the hon. member remembers the difficulties—

The Acting Speaker (Mr. Batten): Order. I must point out that if the hon. member for Marquette speaks again he will close the debate.

Mr. Mandziuk: I am just answering the question, but if there is any further debate I do not think it should be restricted.

The Acting Speaker (Mr. Batten): I would suggest to the hon. member that he might wait and see if there are any other speakers on the bill. The hon. member for Marquette.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, I am glad that the hon. member remembers the difficulties we had in the miscellaneous private bills committee in the last parliament. I do not want to go into the changes in this bill compared with the bill introduced in the last parliament. Changes have been made to meet certain objections. I believe the objections have been met and I suggest that if the bill is referred to the miscellaneous private bills committee the situation will be clarified. I do not think we should take too much time of the house on this particular point.

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

[Mr. Mandziuk.]

THE EVANGELICAL LUTHERAN SYNOD OF CANADA

Mr. Eric A. Winkler (Grey-Bruce) moved the second reading of Bill No. S-24, respecting the Evangelical Lutheran Synod of Canada.

He said: Mr. Speaker, you will note that there are two bills on the order paper in respect of the Lutheran church. This bill No. S-24 is followed by No. S-23, and the latter bill is contingent upon the passing of Bill No. S-24. Both of these are very simple bills, but they would have a tremendous effect on the organization to which reference is made. I might say that I am honoured and privileged to have this opportunity of sponsoring both of these bills, and of having the support of the hon. member for Queens-Lunenburg (Mr. Crouse), because they concern this organization of which I am a member.

Bill No. S-24 simply gives effect to an agreement of consolidation within this body, effective as of July 1, 1962, whereby four different branches of the Lutheran church in the United States and Canada, namely, American Evangelical Lutheran Church, the Augustana Evangelical Lutheran Church, the Finnish Evangelical Lutheran Church of America and the United Lutheran Church in America agreed to consolidate under the name of Lutheran Church in America. This bill gives such title to this consolidation. I ask that it now be given second reading.

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

SECOND READING—SENATE BILL

Bill No. S-23 respecting the Canada Board of American Missions of the United Lutheran Church in America—Mr. Winkler.

WESTERN CANADA VETERINARY COLLEGE

PROVISION OF FACILITIES FOR STUDY OF VETERINARY MEDICINE AND SURGERY

Mr. J. N. Ormiston (Melville) moved the second reading of Bill No. C-16, to found and constitute the western Canada veterinary college.

He said: Mr. Speaker, I realize that our time is somewhat curtailed this afternoon, and I realize also that quite a few of the members of the house wish to take part in this debate. I shall, therefore, state my case as briefly as possible. However, before initiating the discussion of the bill, I should like to express my appreciation to my colleague, the hon. member for Parry Sound-Muskoka (Mr. Aiken) for his timely intervention last Thursday, which prevented this bill from being put to the bottom of the list

of these bills. I should like also to thank the house in general for allowing Bill No. C-16 to stand until today. In view of the difficulty which was experienced in getting a bill acceptable for presentation to the house, it would have been most unfortunate if these efforts had been in vain.

This is not the first time, Mr. Speaker, that there has been a discussion relating to the establishment of a western veterinary college. The same bill, designated as Bill No. C-76, received first reading during the twenty fifth parliament. Up until that time, there had been no definite plan to relieve the shortage of veterinarians, although considerable discussion had taken place at the provincial level. Before proceeding further, however, I note that it has been suggested that the founding of a western veterinary college by the federal government in general, and by the Department of Agriculture in particular, is an intrusion of the provincial educational field. It is difficult to accept that as a legitimate reason for the lack of action by the federal authorities, because there are already many precedents which indicate the federal government is well established in the field of education. First of all, the Department of National Defence supports our military colleges. The Department of Citizenship and Immigration provides educational opportunities for Indians, and the Department of Labour makes a contribution towards technical and vocational training. As a matter of fact, sir, information contained in the Glassco report indicates that 10 per cent of all public moneys spent on education in Canada is provided by the federal government. This participation would certainly indicate that there is nothing new or original in federal support of specialized education.

In the explanatory notes for Bill No. C-16 an effort has been made to bring into focus the great need for another institution in this country to produce graduates in veterinary medicine who will be required in ever increasing numbers as our livestock industry expands. In 1958 an analysis was made by the western Canadian veterinary study group concerning the requirements in western Canada for the 20-year period 1960 to 1980. It was found that while there was an estimated shortage of 164 veterinarians in 1960, this figure might well be doubled by 1980.

This situation is recorded very factually by the publication "Food in Canada" in the issue of December, 1962. The editor, Mr. Philip V. Moyes, brings to light some interesting information when discussing Canada's tragic shortage of veterinarians. In this comparative study, Mr. Moyes points out that in the United Kingdom there is one veterinarian to every 2,300 livestock units, to every 3,000 in Belgium, to every 5,600 in France, and yet in all Canada there is only one veterinarian to every 8,000 livestock units. In western Canada the figure rises to an astronomical 13,000 livestock units. In other words, there are almost five veterinarians in the United Kingdom to every one in Canada on a comparable livestock unit basis.

Then, Mr. Moyes goes on to ask about increasing the facilities for training veterinarians. The United Kingdom, Australia, New Zealand, Mexico, Japan, Korea, U.S.S.R., India, Pakistan, South Africa and many European countries have increased their veterinary facilities in the past decade. The United States had 12 schools in 1945, and now has 19. It has set aside $5 million for expansion and $10 million to help establish new veterinary schools over the next ten years. The disturbing factor, Mr. Speaker, is that Canada has not started a new college of veterinary medicine in over 100 years. Existing facilities have been stretched up to and beyond the danger point where efficiency must suffer. Mr. Moyes goes on to say that a recent report prepared by the Alberta veterinary medical association points out that of 68 students registered in the first year veterinary science course in the four western Canadian universities in the fall of 1961, only 11 could be accepted in the second year due to the limited facilities of the Ontario veterinary college and the large number of applicants from other parts of Canada. Then Mr. Moyes continues:

> This year 64 have registered in the west; probably fewer than 10 will be able to continue in veterinary medicine.
>
> Their conclusion: a western Canadian faculty of veterinary medicine is urgently needed now.

Finally Mr. Moyes says:

> Currently before the House of Commons is a private member's bill "to found and constitute the Western Canada Veterinary College." This bill C-76 deserves close attention—

This was in 1962.

> —from all sides of the house. Whatever may be its fate as a private member's bill, it should serve to focus attention on the need and on a practical method for meeting it.

While the feasibility of a western veterinary college has now been accepted by officials of the governments of both Saskatchewan and Alberta, there is naturally considerable rivalry regarding the site of any proposed college. On this whole matter there must have been considerable soul searching because, prior to the introduction of Bill C-76 on November 7, 1962, there was not the enthusiasm for a veterinary college which developed later. As a matter of fact the Lethbridge *Herald* of Tuesday, October 12, 1962 records that Premier Manning of Alberta rejected the idea of

a veterinary college. The news release from Edmonton reads in part:

Premier E. C. Manning Monday rejected the idea of a school of veterinary science at the University of Alberta. It would be a "white elephant," he said.

Canada has only one veterinary school, at Guelph, Ontario, and with the increasing emphasis on livestock in western Canada, there has been increasing agitation for such a school in the west.

The Lethbridge chamber of commerce at one time pressed for Lethbridge as the site, but the veterinary profession felt it should be attached to a university. Edmonton and Saskatoon were considered the most likely sites, with the other three western provinces supporting whichever province decided to build it.

But such a school would cost aproximately $2,500,000 to build, Mr. Manning told the delegation from the Alberta federation of home and school associations, and it would house only 100 students.

"It's cheaper to give each student $1,500 and send him away," the premier said.

However, I must admit, sir, that later on in that year Mr. Manning, in his 17 point program which was brought out some time before the Alberta election, did mention that he anticipated the construction of a faculty of veterinary medicine in Alberta, with the support of the other provinces.

Possibly as a result of the premier's remarks there is found in the *Western Producer* of November 8, 1962, the following heading, "Alberta Vets Will Discuss Need for College in West," and under that headline is the following item:

Dr. Glen Weir of Lloydminster, Alberta, president of the Alberta veterinary medical association, said in an interview he will call a meeting of the association council to discuss Premier E. C. Manning's recent rejection of proposals for establishment of a veterinary school at the University of Alberta.

Dr. A. E. Lewis of Calgary, western representative of the Canadian Veterinary Association, said, "a veterinary college in the west would pay dividends to the livestock industry."

Canada requires another veterinary school to provide sufficient veterinaries to service our livestock industry. In addition to practising veterinarians there is a need for more veterinarians in every related field.

The article then goes on:

The veterinary school at Guelph, Ontario, he said, turns down qualified students each year for lack of accommodation. The course at the other Canadian college in Ste. Hyacinthe, Quebec, is in the French language.

Another Alberta veterinarian Dr. D. C. MacLennan of Lethbridge, said by 1980 there will be a need for 4,000 veterinarians in Canada. At the present time, a total of only 100 were graduating each year.

"Establishment of a veterinary college in western Canada will be discussed by agriculture ministers of the four western provinces at an Ottawa meeting next month," I. C. Nollet, Saskatchewan's agriculture minister, said in Regina.

Mr. Nollet said in an interview the four western agriculture ministers agreed last January to recommend concerted action by their governments to set up a veterinary college in the west. He said the federal government was invited to participate.

Mr. Nollet said Saskatchewan has offered to contribute to the capital cost of a college, wherever it might be located in the west.

Other comments by Saskatchewan ministers are cited under the heading "Move by Ottawa Awaited on Site for Vet College" in the Regina *Leader-Post* of June 3, 1963. The article goes on to say:

Little progress has been made toward a solution on the question of locating and constructing a western Canada Veterinary College.

The Saskatchewan government's proposal for having it located in Saskatoon is under consideration by Agriculture Minister Harry Hays, according to I. C. Nollet, minister of agriculture for Saskatchewan.

Mr. Nollet has proposed, by letter, that the federal government give a definite answer concerning what share it will accept of operating and construction costs.

"I still have not heard anything definite from them," he said in Regina Wednesday.

Both feel they are most suitable as a site for the establishment of the college.

The last major step toward a solution of the problem was the acceptance by the board of governors of the University of Saskatchewan in Saskatoon, of the proposal to set up a college there.

Just prior to this, during the 1963-64 Saskatchewan budget, provincial treasurer, J. H. Brockelbank, allotted $1,000,000 toward a college in Saskatchewan.

Mr. Brockelbank said the grant would only be made eligible if the other western provincial governments would agree to share operating costs of the college and the federal government would contribute to operating and construction costs.

The grant is also contingent on the fact that Saskatchewan be chosen as the college site.

Both Mr. Nollet and H. E. Strom, minister of agriculture for Alberta, feel the indecision of the federal government has left the question in "a confused state."

Another question Mr. Nollet wants answered by the federal government is that of the location of a proposed animal diseases laboratory in western Canada.

It is fairly obvious from statements already made by provincial cabinet ministers, officials of farm organizations, members of veterinary associations, municipal councillors and individuals in the community at large, that they are favourably disposed toward the building of a veterinary college in western Canada. The financial commitments of the Saskatchewan government and the federal government indicate a willingness to proceed with this project on a co-operative basis.

Here is an opportunity for the senior government to take charge and show initiative and direction, and at the same time draw on the support of the provinces concerned to provide this academic institution which is essential to all concerned.

When this bill was first drafted there was no indication of any financial help from any quarter, so it was decided that the only means of raising the necessary funds was by a 10 per cent remission of all taxes, fees, etc., granted by the governer in council under the authority of the Financial Administration Act.

However, in the interim it has become obvious that since both the provincial and federal governments will be willing contributors toward the construction of a veterinary college, the imposition of this levy may not be necessary.

There are many other aspects of this bill which I would like to discuss, but this is neither the time nor the place for a clause by clause analysis. Suffice it to say that finding personnel to staff a college will be much more difficult than finding the money to build it. With the additional facilities contemplated across the border, it will become increasingly difficult to procure the necessary teachers, already at a premium. In order that justice be done to both the veterinary profession and the livestock industry I would urge that the government give this bill what it has given to many other urgent requests, its active and full consideration.

Mr. E. F. Whelan (Essex South): Mr. Speaker, on rising to speak on this bill I would first like to explain to the house why, having worked in the west and knowing some of the problems of the western farmers, and also being a farmer myself in far western Ontario, agriculture is not exactly a stranger to me. The Minister of Agriculture has made an announcement in the house, and according to the Calgary *Herald* of June 28 and the Saskatoon *Star-Phoenix* of June 26 the provincial ministers of agriculture for both Alberta and Saskatchewan have condoned this, although at the same time expressing some disappointment with the federal government in not going further.

I would like to review some of the things in agriculture pertaining to veterinarians in this country. Farming in Canada, including the raising of livestock, was not looked upon as the original value or use of this land when first inhabited by the earlier settlers, but it dates back to 1606 when Louis Hebert, an apothecary, or druggist, from France came to Port Royal and started an experiment in farming, mainly for the development of herbs for his druggist interest. Mr. Hebert subsequently moved to Quebec in 1617 and started farming on land granted to him in 1623 by the French government at what is now known as Sault au Matelot, and in 1626 he received further land grants on the St. Charles river in Quebec where he started livestock raising. Mr. Hebert is recognized as the first farmer and livestock man in Canada. Incidentally, Mr. Speaker, Mrs. Hebert is recognized as the first schoolteacher in Canada.

Government in Canada became interested in agriculture as early as 1790 when legislation was passed giving aid through agricultural societies. One of the earlier pieces of agricultural legislation was passed on March 5, 1803 when it was enacted that swine could not run at large in the towns of York—that means "hogtown"—Niagara, Queenston, and my own home town of Amherstburg, Sandwich which is now commonly called Windsor, and the town of Kingston. Owners letting swine run at large were to be fined 10 shillings. Since this time the livestock industry of this country has continuously grown in size and value until today it is one of the largest and most important sectors of the Canadian economy.

I would like to give the numbers of livestock in Canada and to emphasize the value of this industry. With regard to milk cows, in 1962 we had 2,955,500, with a value per head of $203, giving a total value of $600,616,000; calves, 3,407,000, with a value per head of $65, giving a total value of $222,936,000; other cattle, 5,712,500, at $157 per head, giving a total value of $896,907,000; hogs, 4,973,000, with a value of $28 per head, giving a total value of $139,822,000; sheep and lambs, 1,433,000, a value per head of $16, giving a total value of $22,158,000; horses, 477,200, value per head $139—I do not think they are speaking of race horses—giving a total value of $66,095,000. The combined total of the livestock in Canada at the end of 1962 amounted to $1,948,534,000.

Total farm cash income including livestock sales has now reached the record high figure of $2,958,545,000, which together with supplementary payments of $35,766,000 brings the total of cash farm income for 1961 to $2,994,311,000. This has steadily risen from $940,936,000 in 1927, as indicated by a table that I will now read. These figures are large also. I am giving these figures to the house, Mr. Speaker, in order to bring to the attention of hon. members the importance of the livestock industry in Canada. I do not know how many hon. members are aware of this fact, but as I said earlier the livestock industry is one of the most important in this country and if the whole agricultural industry were disbanded tomorrow, 40 per cent of the people of Canada would be unemployed. This may be difficult for many people to realize, but that is the effect it would have upon our economy. I am trying to point out the importance of protecting the livestock industry as part of our agricultural industry.

Cash incomes from the sale of livestock in Canada were as follows for 1955-59 and 1960-62. I will just read the totals for 1955-59 and 1962. These figures go from $502,843,000 in 1955-59 to $677,915,000 in 1962. They are for cattle and calves. For hogs the figure for 1955-59 was $310,016,000; it was $328,985,000 in 1962. For sheep and lambs,

in 1955-59 it was $10,255,000 and for 1962 it was $10,666,000. This gives a total for 1955-59 of $823,114,000, and for 1962, $1,107,566,000.

I would like to point out one of the important matters regarding what could happen to the value of livestock in Canada if there were an outbreak of a serious disease and how this could affect our economy. There was a fantastic drop of $648,278,000 in livestock values in 1952 following a foot and mouth outbreak in this country. This is something that I do not believe many people fully understand and realize. Exports are essential to the well being of our livestock economy. I think we all realize that the export of livestock is one of the important and fundamental parts of the economy of this country. The cost of eradicating the 1952 outbreak of foot and mouth disease was $1 million; this is just in respect of veterinarians' fees with regard to destroying the livestock. It is a very conservative figure, with a small "c". The loss of cash inventory in livestock for that year was $648,278,000. The trade loss in livestock and livestock products amounted to $100 million. The cost to the government of price support to assure livestock owners of reasonable income amounted to $100 million. The total cost to the economy of this country in 1952 because of the outbreak of foot and mouth disease amounted to $849,878,000.

I think we should realize that if there had been more veterinarians in this country at that time we would have achieved a tremendous saving to the country. However, I am not saying this would necessarily have been so had there been extra help at that time, because I think the veterinarians in government organizations at that time deserve a great deal of credit for the swift action they took in handling this problem.

The total slaughtering of beef and veal have increased yearly. Slaughterings of lambs are steadily decreasing, while the slaughterings of hogs vary depending upon a wide variety of conditions. I think we realize that in this country sheep raising is on the decline and we cannot compete with countries such as New Zealand and Australia. I should like to give hon. members some figures on the export of cattle in 1962. In that year we exported 17,128 pure bred cattle. This is to the United States. The total of cattle other than pure bred cattle was 15,603. The total number of cattle exported in 1962, cattle over 200 pounds, came to 448,471.

We heard a great deal about the effect of devaluation on cattle exports. It is interesting to note that 654,944 were shipped to the United States in 1958. The total shipped to all countries does not change a great deal. The difference amounts to several thousands —not a great many, actually. The value of exports of beef and veal to the United States in 1962 was $7,918,000. In 1961, it was $10,005,000. Exports to all countries in 1962 amounted to $8,603,000 and in 1961, $10,656,000.

Mr. Nasserden: On a point of order, I know we all find these statistics interesting and we are interested in the hon. member's review of the entire agriculture industry. But this bill has to do with the establishment of a veterinary college in western Canada. If the hon. member would keep a little closer to the question his remarks would be more applicable to the problem we are dealing with at the present time.

Mr. Deputy Speaker: I think the point is well taken and I would ask the hon. member who has the floor to limit his remarks to the scope of the bill.

Mr. Whelan: I was merely trying to indicate to this nation the importance of the agriculture industry and what it means to our economic life. Perhaps this is not the appropriate time at which to do so.

I only wish to point out that our veterinary colleges are one of the most important ways we have of maintaining cattle exports at a high level, by ensuring that our beef reaches the high standard which has been developed over the years. I think there is a shortage of 170 veterinarians in western Canada. The Minister of Agriculture (Mr. Hays) and this government have shown good faith in their attitude to this problem. I understand that Manitoba and British Columbia have accepted the fact that the college should be either in Saskatchewan or Alberta. The former minister of agriculture, the hon. member for Qu'Appelle (Mr. Hamilton) wrote that there was no justification for establishing a second animal disease laboratory in Alberta. This seems to make it more likely that the college will be located in Saskatchewan. It is recognized that this question will have to be settled by agreement between the ministers of agriculture in western Canada. We in the federal parliament can make advice and assistance available but we cannot dictate where the college should be set up.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I wonder if I could ask the hon. member a question. I feel it would be most helpful if he would indicate to us whether he was speaking in favour of the bill or against it. I feel his other remarks would be more helpful if we could get that point cleared up.

Mr. Whelan: I am speaking in favour of setting up of an agricultural and veterinary college in the western provinces. I am not an expert in oratory. I am just a farmer from

Essex South, but we do recognize the need for a veterinary college in the west, and I am speaking in support of that project.

Mr. H. A. Olson (Medicine Hat): I wish, first of all, to extend my congratulations to the hon. member who is putting forward this measure for the establishment of a veterinary college in western Canada. I believe the establishment of a new veterinary college in western Canada involves considerably more than education alone. I think it is one which has not been met as yet, and I believe it is the responsibility of the federal government to see that it is discharged. I am prepared to accept the fact that the provinces by and large are responsible for education, but when we come to the question of veterinarians and the responsibility of looking after the health of animals in Canada we get right into an area in which the federal government has assumed responsibility.

We find ourselves in a position where there are, I think, 50 vacant positions in the health of animals branch of the federal government and it is about time this government made a realistic contribution toward the establishment of this college. The government has announced that it is prepared to pay 25 per cent, to a maximum of $625,000, toward the capital cost of establishing the college, but it has said nothing about the cost of training the students after the capital works have been completed. I do not believe this represents a satisfactory discharge of the responsibility which the federal government has toward the health of animals in Canada or for the provision of the staff necessary to carry out this particular work. In addition, anyone involved in the livestock industry recognizes that if we are to maintain our export markets, particularly for beef, we must maintain a high standard of health among these animals and be prepared to limit the spread of any contagious disease immediately it manifests itself.

There are some who maintain it should be the sole responsibility of the federal government to set up this college and operate it. I think we would have far more chance of success if we were to explore the possibility of co-operation between the four western provinces and the federal government. I am sure they are ready to co-operate. For example, the ministers of agriculture of the four western provinces held a meeting in Edmonton in January, 1962 and emphasized that a veterinary college was necessary in western Canada and that one should be established at the earliest possible date. The hon. member for Melville (Mr. Ormiston) quoted, I believe, from the Lethbridge *Herald* something which Premier Manning of Alberta was supposed to have said. I might point out that the Lethbridge *Herald* is notorious for being inaccurate in its interpretation of what Premier Manning or anyone else belonging to the Social Credit party may say at any time, so we must regard with great suspicion any headline which that paper uses in trying to define the position which the premier may have taken. Even if there was some accuracy in the reporting of the remarks made at that time, the premier and, in particular, the minister of agriculture for Alberta, are fully in favour at the present time of Alberta assuming at least a fair share of responsibility for getting this college established at once. As a matter of fact, I think it would be fair to say they are willing to assume far more than could properly be called the responsibility of the province of Alberta at this time.

I must point out that there are changes taking place very rapidly in the matter of veterinary medicine. I think there are also rapid changes taking place in the cost of building a veterinary college. Certain statements made last night will, of course, change this factor. It gyrates up and down as far as costs are concerned. But I think we must recognize that the $2½ million which has been accepted as the figure needed to build the college is subject to change, and in fact has changed. I was talking to the minister of agriculture of the province of Alberta only a few days ago. He told me that they had conducted rather extensive feasibility and capital cost studies regarding this matter. The government of Alberta, in co-operation with the University of Alberta, has done considerable investigation work to ascertain the capital cost of building and equipping a suitable institution, and they are as follows: Faculty buildings and equipment, $1½ million; clinic and animal colonies, $2 million, research buildings and land, $1 million. That amounts to somewhere between $4 million and $4½ million to establish the kind of institution which is necessary to turn out 30 graduates per year. I think all hon. members will agree that this is the very minimum amount graduating veterinarians per year to satisfy the demand which will be placed on the college once it is in operation. All this is calculated on the basis of there being no sales tax on building materials. In addition to that, the estimated operating costs for the first year with 40 freshmen students would be $40,000. It is calculated that a fair fee per student would be something like $290. So that it is obvious that something like $700 or $710 subsidy would be necessary on the part of one or another government.

I suggest that if the federal government requires at least 25 per cent of the students

who graduate from the college, it should be prepared to pay an operating account at least 25 per cent of that account. But this is only the first year; it gets worse. From the second to the fifth year, for an over-all student body of 140, which number would be required to turn out 30 students a year, something like $370,000 is involved. So that the cost goes up. Along with that it is estimated that the research costs during the first five years will be something like $200,000, giving a total operating cost for the first five years of $609,880. I believe the federal government has not met its responsibility by offering $625,000 for capital cost and nothing for operating cost.

However, the province of Alberta is keenly interested in the health of animals and the well being of the livestock industry generally. In spite of this very heavy burden which the federal government is going to place upon them they are still willing to go ahead and build this institution so that the health of animals will not be in jeopardy in the future.

There is one other point in the bill which is rather interesting. It says that the site of the college shall be in Saskatoon. I suggest that Saskatoon is not the only site. In fact, I think I could prove that it is not even the most desirable site. I think Alberta has many attributes which will commend themselves as the site of the college, whether it were built by the federal government or by the federal government in co-operation with the four western provinces. First of all, Alberta is the chief livestock producer in western Canada, with an income from livestock equivalent to 78 per cent of the incomes of the other three western provinces combined. Second—and this has been referred to a number of times during the session—the Gordon commission report on Canada's economic prospects predicts the greatest livestock expansion in Canada will occur in Alberta. Third, the Edmonton campus of the University of Alberta—

Mr. McIntosh: Mr. Speaker, may I ask the hon. member from which article he is quoting?

Mr. Olson: I am quoting from a publication put out by—

Mr. McIntosh: The Alberta chamber of commerce.

Mr. Olson: No—the Alberta veterinary medical association. The Edmonton campus of the University of Alberta is surrounded by a concentrated livestock industry which would provide adequate clinical material for teaching purposes. Fourth, Edmonton already has a large well-established diagnostic laboratory which could provide teaching material. Fifth, the university faculty in Edmonton has recognized the need and expressed the desire—and I should like the hon. member for Melville (Mr. Ormiston) to take note of this—for a faculty of veterinary medicine. And sixth, the Alberta livestock industry and other responsible organizations want a veterinary college in Alberta. I will not go into that, but I have a very long list with me this afternoon.

The last point, which is a very important point, Mr. Speaker, is that Alberta can least afford not to have a college. I see that it is very close to six o'clock, and I want to close by saying that I hope there will be co-operation among the four western provinces, both in providing the balance of the capital requirements to build the college, and also in operating the college after it is built. I say this because it is certainly not fair for one province to be expected to pay the costs of training the veterinarians of other provinces.

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business having expired, and it being six o'clock, I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

ATLANTIC DEVELOPMENT BOARD ACT

AMENDMENTS RESPECTING MEMBERSHIP, FUNDS, ADMINISTRATION, ETC.

The house resumed consideration of the motion of Mr. Pickersgill for the second reading of Bill No. C-80, to amend the Atlantic Development Board Act.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, it may seem somewhat strange that I as a member from the extreme western part of this nation should rise to speak on a measure that has to do particularly with the maritime region.

Mr. Pigeon: We are surprised.

Mr. Patterson: But I should like to assure hon. members that we from the west coast are vitally interested in the problems of our fellow Canadians no matter where they may reside. I intend to be very brief in my intervention because—

Mr. Pigeon: Hear, hear.

Mr. Patterson: The hon. member is applauding but if I took as much time as he does in the house I would acknowledge the rebuke.

Mr. Pigeon: I do my duty. We represent Her Majesty the Queen.

An hon. Member: Poor Queen.

Mr. Patterson: I could make a response to that but I will not. I want to assure members from the maritime area that my intervention will be brief because, having regard to the fact that they are as close to the problem as they are and that it affects their area as it does, I am sure they will want to take considerable time on this measure.

Over the years the members from the maritime provinces representing various parties have done a splendid job in acquainting the house with the problems facing their area. I would think that the reason these problems exist to the extent they do at the present time is the failure of successive federal governments to give consideration and assistance commensurate with their needs, even though it was within the power and capacity of the nation so to do.

While the debate was going on this afternoon I thought for a while it was going to degenerate into a purely political wrangle with charges and countercharges, claims and counterclaims as members tried, to use their own words, to set the record straight. However, rather than setting the record straight I think they were tending more or less to confuse the issue and making it more difficult for people to understand. I would suggest that the magnitude of the problem is such that perhaps we could forget political considerations and get ahead with the job before us.

It would seem to me that the board as now constituted probably finds itself rather handicapped in carrying on its work, in that it realizes that amendments are currently before the house which will no doubt affect its work and operations in the future. The suggestion has been made that the appointments suggested now will be purely political. I would venture to say that perhaps even in the initial stage when the board was set up last year political considerations may have entered into the picture when the Progressive Conservative government was dealing with the matter of appointments.

I rose solely to support the principle of the measure to the degree that that principle is required to make the necessary amendments to the legislation, so that the board will be more able to fulfil and discharge its responsibilities effectively. My colleagues no doubt will be participating in the detailed discussion when the bill is in the committee stage but I wanted to make these few brief observations.

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, I wish to enter this debate very briefly. I have no intention of delaying its completion, but to those of us who come from Atlantic Canada this is a most important subject that deals with a most important part of Canada. A few years ago I read a work on Atlantic Canada in which the author said, to use his words, that the maritimes were a poverty stricken land that occasionally sprouted a millionaire. I do not agree with this sentiment. Perhaps our land is not as good as most, but we are extremely rich in our human resources. We have given to this nation four prime ministers of Canada and one of Great Britain, as well as men like Beaverbrook, Dunn, Cyrus Eaton and many others.

We know, of course, that in 1867 when confederation was formed crepe was hung on many of the doors in Saint John and Halifax. I have always felt, and I think others do too, that those who took part in bringing about confederation made a great mistake in 1867 when the three maritime provinces were not united into one province. It would have been preferable if Newfoundland could have been included, too. However, that is all in the past and nothing can be done about it now. So we drifted for almost 90 years; but there is no question that in the last four or five years there has certainly been a tremendous awakening in our provinces by the sea. We have only to look at some of the legislation passed by the House of Commons in the last four or five years to recognize that fact. I refer to the power development act, the adjustment grants and all the other things that have been mentioned so often.

As other speakers have pointed out, this has culminated in the Atlantic provinces development board established by the previous administration, and with respect to which amendments are now being made to the act. I promised to be brief but there are three things I am concerned about in connection with the amendments to the act. The first one is the limiting of the funds. As I understood the original act it was open-end legislation, so to speak. In other words, the board would have unlimited power to recommend. We talked, and I hoped we were talking with some substance, about envisaging $1 billion being expended in the next 10 years through the Atlantic development board. Now we find that the funds are to be limited to $100 million and this money is to be spent for projects for which other financing is not available.

We might say that there would be public funds for practically all projects that might be recommended by the board; in other words, the ministers of transport, public works

and so on would have no difficulty in obtaining the finances required. I cannot subscribe to this view. We know, of course, that every dollar spent in this nation by the government must first of all be voted by the House of Commons. We know that ministers must ask the House of Commons for the money they need. We know that treasury board can occasionally be very difficult. So I am afraid that the $100 million will perhaps just provide an opportunity to sidestep further pressure by ministers for funds they may want to have for expenditure in Atlantic Canada.

I should like to quote very briefly from a very fine editorial in the Halifax *Chronicle-Herald* of June 7. It has this to say, which is in line with what I have been saying:

> Would a parliament which had granted $100 million to the Atlantic development board be all that willing to vote additional sums to the departments of transport, public works, justice, and the like, for regional programs recommended by the board? It might be extremely keen to do so, but we nevertheless fear that the most elementary knowledge of human nature suggests the contrary.
>
> If a reluctance of this sort developed, the pressure on the one hundred million dollar fund would mount; more and more programs would be deemed those "for which satisfactory financial arrangements are not otherwise available." Soon, the need either to increase the fund, or to make sure that other departments and agencies were not being relieved of their due responsibilities to the region, would become apparent.
>
> Even if the latter course were taken, who is there who can say with assurance now that, even under the best of conditions, $100 million is sufficient for undertakings without the hope of public or private backing?

One factor I should like to discuss very briefly is the time limit which is put upon this board. If the government, in its wisdom, had suggested 20 years, I think they would have been closer to the mark. I am afraid that at the end of five or six years we will probably just be getting going on the projects which this board will recommend.

Then, there is the question of the additional members to the board. I understand the amendment would increase the members on the board from five to 11. I believe someone quoted Abraham Lincoln this afternoon, and the reference I am about to make may well be attributed to him. It is suggested that the best committee to get a job done is a committee of three, preferably with one member sick and one out of town. Then, something can be accomplished.

I should like to say a word about the present members of the board whose term of office is being changed. I feel that in Brigadier Wardell we have an excellent chairman. He has been in this country perhaps a shorter time than most of us but he has devoted a great deal of his time, energy and substance to raising the economic level of his adopted land. Then, there are men like Frank Sobey and others, excellent men, who have already been successful in attracting to the board men of high calibre such as Mr. Weeks. I say that at this particular point a fair trial should be given to these men.

Finally, Mr. Speaker, our basic problem may be summed up in a very few words. Our basic problem in Atlantic Canada is the need for more industry. The whole problem it seems to me, in a nutshell, is the need for industry based on our own resources. I suppose that all of us have had a great many public buildings erected in our constituencies. I have always felt that I would rather have one plant that would employ 500 or 1,000 men located in my own constituency of York-Sunbury than all the public buildings that have been constructed there since confederation. I think of the small town of McAdam, which is a railroad junction. A few years ago it was a thriving community, but as a result of dieselization on the railroad, this community has been having difficulty. Here, they have the buildings located right on a rail line, they have an excellent labour force, and yet there is no industry. We cannot seem to get industry to locate in this particular area.

I feel that those of us who come here to this House of Commons have a job to do. It is a job that can be very simply expressed—to raise the economic level of our part of the country. This must always be our major objective as long as we are here. For that reason, I would ask the government to give very special consideration to any amendment which they may choose to make in this legislation concerning what could be a very fine agency for the uplifting of our maritime economy.

Mr. Andrew Brewin (Greenwood): I intend to follow the admirable example set by the hon. member for Fraser Valley (Mr. Patterson), and confine my remarks to three or four minutes. I do however wish to express, on behalf of the members of this party, our support for this particular bill. It is a support that is rather less than enthusiastic, but still we do support it. During the resolution stage of this discussion, the Secretary of State (Mr. Pickersgill) became poetical and described this bill as being a big leap forward. His language reminded me of another famous but very different speaker, Mr. Mao Tse-tung who had a great leap forward in China.

This bill we are discussing does only two things. It increases the number of members on the board, and in so far as that enables the board to be more representative we approve of that. At the time this bill was before the last parliament, we approved of it. Unfortunately, Mr. Speaker, there is a serious deficiency and that is that all the 11

members are expected to undertake this very important and serious task as a part-time activity. We regret that the government has not seen fit, although during the resolution stage the Secretary of State said he would be ready to consider proposed amendments, to consider the suggestion that we made that at least some of the members of the board should be on a full-time basis. Then this board would not be needed on an occasional basis, but as a regular, full time occupation.

The other step that is taken by the bill before us is to provide for a fund. We think that is a step forward, and an important one. We have already indicated our view that the amount of $100 million is inadequate. However that may be, it is well that this board should have authority in its planning to spend money, and have money allocated for this purpose. We welcome that.

The hon. member for Victoria-Carleton (Mr. Flemming) took what to me appeared to be a very strange attitude. He said the improvements in this bill are very small, but it should not be improved at all. He said, in effect. "We brought it in, and it has not been properly tried out; therefore no one should try to improve it." I fail to follow that point of view. Of course, one can differ as to whether the proposed changes are in fact improvements, but the theory he advances that this government should not attempt to improve on the efforts of its predecessor seems to me a very remarkable one to advance in this house. I certainly could not agree with that particular theory.

I said I would speak for only three or four minutes and I shall, therefore, try to live up to that promise. We think that this is a hesitant and inadequate step forward; but, hesitant and inadequate though it may be, we think we should get on with it. We should pass this bill and let the board try to do its job. If in a few years it is seen that because of a lack of a full time board or because of a lack of adequate funds, the real job of planning the economic future of this very important section of Canada is not being adequately undertaken, then the matter can be and should be reviewed. For these reasons, Mr. Speaker, we will support the principle of this particular measure.

Mr. Richard Cashin (St. John's West): I have listened with a certain amount of interest, and perhaps even a little amusement, to some of the remarks made during the course of the debate on the matter now before the house. The latest comment we have heard has been from this far corner of the house. Of course, I do welcome support from the corner to my right, but I would say it is very easy for my hon. friends in that party to criticize because they have never enjoyed, if that is the correct word, the responsibility of governing the country. And I think it is highly unlikely that they ever will.

However, I do share their attitude towards some of the remarkable things that have been said by my hon. friends in the official opposition. I noted that the closing remarks of one Conservative speaker this afternoon followed the traditional Conservative pattern of looking over the shoulder, looking backward. When they were in opposition six years ago they talked about the Liberal government, and when they became the government they still talked for six years about the 22 years of Liberal rule. Now that they are in opposition again, they continue to talk about those 22 years. No doubt there may have been one or two shortcomings during those 22 years, but in their first couple of minutes talking about them the opposition must have exhausted all the shortcomings. Yet they continue to reiterate them day after day, year after year. The result is that such talk has ceased to be annoying and has become amusing.

With regard to the measure before us, I think we might be a little too optimistic in putting a deadline of 1969 on the life of the board. It may well be that when 1969 comes around we will find it has not accomplished all we expected it to, or alternatively we will find it has accomplished those things but that other things have arisen in the interim that should properly come under its jurisdiction.

Boards such as this, and our approach to what is generally regarded as planning, are relatively new to this country. But in the course of years we may find this to be a very useful exercise, and the role of the board in the economic life of eastern Canada may assume larger proportions than we now imagine, so that it should become a permanent part of the life of the Atlantic provinces. If this board is to do all we hope it will, it may have to play things a little by ear.

Mr. Grafftey: Like the Minister of Finance.

Mr. Cashin: I am always very glad to hear interjections from the hon. member for Brome-Missisquoi (Mr. Grafftey). He is one of the more entertaining members of the house, and I am only too pleased to relegate the drone of my voice to the background, thus making way for his.

As I have said, planning is relatively new in Canada, and I hope as time goes by we may find it a very useful development. It would be wise for the board and the government to look closely at what has taken place in other countries which have similar boards. It would be a good idea for members of the board to acquaint themselves with similar activities in Europe. In such a

way it could prove of permanent advantage to the economic growth of what, up to now, has been referred to as a slow development area.

One of the most important things in the development of any slow development area is the attitude of the people in that area, and I feel that this bill, plus other action taken by the government, including incentives to industry, are a sign that the government is aware of the problems facing the Atlantic provinces. Our willingness to move in this direction will accomplish two things. The positive steps we take will in themselves have an effect, and secondly the doing of these things will create a favourable atmosphere among the people of the Atlantic provinces.

I think it is true to say that the people in this area have for long felt that, because they have not developed economically so rapidly as the rest of the country, the people in the rest of Canada regard them as permanent drags on the economy. Indeed the attitudes of governments in the past, both Liberal and Conservative, were not always what they ought to have been. We cannot have a continuous program of handouts, and any government expenditure in the area should be in the form of investment to expand the economy. This board is a step in the right direction; but in conclusion I suggest we should be prepared to realize that the functions of the board may change and may become larger than those we now envision.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I was privileged this afternoon to hear, for the first time, one of the members across the aisle speak on this Atlantic development board. I must congratulate him. It appears he spent some time putting his speech together and quite some time reading it, but he said that the previous government had done nothing for the Atlantic area. I take exception to that remark. The record of the previous government in the Atlantic area is one of which all members from that area can be proud. The hon. member for Halifax (Mr. Lloyd), who is the only hon. member for Halifax now in the chamber, was placed on record this afternoon as supporting this contention of mine.

What concerns me most is that the government was elected on the premise that unemployment was the greatest problem facing it, but since the budget was presented it has found bigger problems. This is something that concerns me, aside from the fact that there is one hon. member in the house from Halifax; and what concerns me further is that the board comes under the jurisdiction and guidance of a minister representing Newfoundland.

I would prefer to see a local Atlantic province minister guiding this bill. For instance, the Minister of Labour, who comes from my own area, would be the most ideal and best suited minister to guide this legislation through the house. I say that, because he could in a way kill two birds with one stone. He could take care of a number of the unemployed in extending the membership of the board, and to this I have no objection despite the fact that some hon. members think I had something to say about it last year. Again I would remind them that I was absent from the house then at the request, as I said before, of my constituents. Anyway, I would prefer to see a native minister from the Atlantic provinces guiding this legislation.

One of my reasons for saying this is that the minister who represents Newfoundland indicated on one occasion that he even hates to campaign in that area. I am further concerned with the fact that the purse strings are controlled by a minister of finance who never in any way showed any concern for the people of the Atlantic area. This, Mr. Speaker, is down in writing, and to the extent that he was offered a ride on a rail out of my province. I am sure there are nine other provinces that would want to join with mine today.

There was a very worth-while point brought out earlier today when it was shown with regard to the guessing-with-Gordon budget—when the taxes were cut back to 4 per cent—that there is a possibility here for great profits to be made. I might say, on the other side of the question, that a great advantage is also given to big business, which can afford it, to stockpile and make further profits. It is getting to the point, with the type of budget that has been brought down—

Mr. Greene: On a point of order, Mr. Speaker, are we discussing the Atlantic development board, or the budget?

Mr. MacInnis: In discussing the Atlantic development board we are discussing matters of finance, which are of great concern to the maritimes. I might point out that in addition to the possible profits which have been made, the type of financing arrangements with which we are faced today will provide big business with an opportunity to stockpile and make further profits when the taxes are increased at a later date. It is getting to the point where big business does not even have to speculate to make a profit.

Mr. Greene: Mr. Speaker, is the hon. member to be allowed to discuss the budget in

this debate, or is he going to be called to order on the question before the house?

The Acting Speaker (Mr. Batten): Order. I would hope that the hon. member from Cape Breton South (Mr. MacInnis) would confine himself as closely as possible to the bill on the setting up of the Atlantic development board.

Mr. MacInnis: I accept your ruling Mr. Speaker, it gives me an opportunity to raise a point that I think the Chair should examine quite closely. An occasion arose in the house the other day when I asked a very specific question concerning a problem in the mines in my own area. I was asked by the Chair to repeat that question and, follow with a supplementary question, because a sign or something was given in the house and my question was declared to be out of order because the original question was not in order.

Some hon. Members: Hear, hear.

Mr. MacInnis: Every time a member of the opposition rises on a point of order, it should be recognized. This type of signal passing must be stopped. The hon. member representing Halifax, and the minister piloting this legislation through the house who is also representing his constituency, said that the previous government had done nothing for the Atlantic areas. I would ask them to consider a few of the proposals put forward by the previous government, which were supported by them in this house, in assisting the Atlantic area. There are, of course, the coal subventions, which proved very beneficial to the people of the area and met the desires and representations which had come from the United mine workers in my area. There is the Beechwood project, a $29½ million project that assisted the province of New Brunswick. There is the Atlantic power development program and the interprovincial grid. I might say here, Mr. Speaker, that over a year ago this interprovincial grid had realized the participating provinces over $60 million in savings. These are not my words; they are the words of Arthur Johnson, former president of APEC and now a deputy minister in the government of Mr. Smallwood.

Mr. Regan: Mr. Speaker, will the hon. member permit a question?

Mr. MacInnis: I will tell the hon. member representing Halifax what he told me this afternoon: When I have finished. They said nothing was done by the previous government to assist the Atlantic provinces. What about the Volvo Corporation which was recently established, at least temporarily, in Halifax? This is the only example of federal-provincial co-operation of this kind in our country. There are further examples, such as the assistance given to coal companies to extend the operation of those collieries which were about to be closed. Here I do not hesitate to mention the fact that we had mine closures under the previous government. But I do bring to the attention of hon. members opposite that at least that government in its assistance went a great deal further and accomplished a great deal more than was the case between 1946 and 1956 when hon. members opposite were on the treasury benches. If the minister from Gloucester and the minister who represents Bonavista-Twillingate want to take exception to those remarks, I can put them on the record again to put this matter straight.

In assisting in this way the government has undertaken to re-establish Fortress Louisburg, which in itself has proven to be a very desirable and worth-while project in our part of the country. I might say also that the previous government was willing to co-operate with the provincial government in a forestry program which provided work for displaced miners. This co-operation was forthcoming without any delay. I notice that one of the projects the executive of the united mine workers have put before this government seeks the same type of co-operation.

The talk about delay. Where is the delay? Where is the action promised for the miners in Cape Breton who were taken care of in this forestry program with the co-operation of the previous federal and provincial governments? They were being looked after before, and they are still seeking this type of assistance from the present government.

An hon. member has made a remark, Mr. Speaker. I would like him to rise and record that question, if he would. I will give him a chance to get to his feet and ask that question, if he wishes to do so. I would like to see who asked that question so we can have it on the record.

Mr. Regan: Mr. Speaker, my question was—

Mr. MacInnis: On a point of order, Mr. Speaker, before the hon. member goes any further, that is not the member who made the remark.

Mr. Deputy Speaker: Order. Has the hon. gentleman completed his remarks? May I suggest to the hon. member that he continue with his remarks, and I am sure there will be no interruption.

Mr. MacInnis: There are those interruptions which I do welcome; that was one of them. In respect to the board itself, $100 million has been made available. I am very

glad to see that the minister representing Bonavista-Twillingate has made it quite clear to the house that this is only a floor; so this opens up possibilities to the organizations throughout the Atlantic area to make sure that this $100 million plus is used up. However, Mr. Speaker, I am concerned with the fact that in the past, when we were in opposition a great deal was said about the representation on this board, and the fact, as the hon. member for Greenwood (Mr. Brewin) has just mentioned, that they were only part time and the remuneration was not what it should be. I would be most anxious to hear now from hon. members who had something to say on that matter some time ago. Now that their party is in government, I would ask them to rise to their feet and repeat those remarks. I am concerned with the make-up of the board because I go along with the commitment made by the Prime Minister (Mr. Pearson) while in Fredericton that this board would have a representative from labour, fishing, a mining man, a man from agriculture and somebody from lumbering. I would say that is a very good cross-section and I would welcome representation on the board from these particular fields.

An hon. Member: Hear, hear.

Mr. MacInnis: Since the hon. member representing Halifax (Mr. Regan) finds reason to applaud, I would remind him that this afternoon, when I asked if he would support the commitments made by the Prime Minister, there were five categories and he saw fit to support only one. He can applaud that one if he wishes.

Some hon. Members: Hear, hear.

Mr. MacInnis: All you have to do is ask for it. As the hon. member for Greenwood was saying, while in opposition the opinion was that this board should be composed of full time representatives who should receive more remuneration for their efforts. I take no objection to that. I take no objection to the fact that $100 million has been established for the fund because, as the Secretary of State has said, it is only a floor. However, I would be anxious to know just what projects they would consider. I would like the Secretary of State (Mr. Pickersgill) to tell us, for instance, if he has any intention of building the Chignecto canal. I am not at this time advocating this project. Nevertheless, I would remind the hon. gentleman that on one occasion at least he did say he wished it were built. Since he is on record as having said this, I suppose the money to be allocated to the board will be spent on the Chignecto canal project, though the $100 million he has mentioned will hardly leave much to be spent on any others. I would also be interested in finding out whether the Secretary of State would consider the Newfoundland fisheries as constituting a project which could be developed by this board. The fisheries industry is all important to Newfoundland and I feel this board could go a long way in assisting a scheme which the premier of that province got under way some time ago. Later he came to Ottawa for financial support. With a friendly government in office and a friendly Secretary of State representing that province I am sure the premier will have no difficulty in securing the finance he needs. We in the maritimes had understood, following a television broadcast in Sydney, Nova Scotia, that the minister of transport would have been chosen from members representing the Atlantic region. I do not say this was a commitment, but the inference was left with the people of Nova Scotia that the minister of transport himself would come from one of the Atlantic provinces.

I feel it is necessary that everyone should be aware of what the potential projects are so that the house may have an opportunity to make sure that any worth-while projects from the maritimes would receive assistance and be the subject of action as promised by the government, at least before it took office.

I realize there are others who wish to say something in respect to this proposal. I only hope the people of the Atlantic area will make members of parliament on all sides of the house aware of their wishes so that representations may be made on their behalf and the necessary action taken.

Mr. Regan: Could I ask the hon. member a question? Is he satisfied with the percentage of new industries established in Nova Scotia during six years of Conservative rule that were placed in Cape Breton?

Mr. MacInnis: No, Mr. Speaker. That was a very simple question to answer.

Mr. Heath Macquarrie (Queens): The hon. members who preceded me said they would be brief, and they have been brief. I am always brief. I should like to say I agree with the hon. member for Cape Breton South in what he said about the value and importance of the citizens of Atlantic Canada. I agree with the views he expressed as to the types of development which might be pursued by this board which has been altered, enlarged and established, or re-established by the present government. I was interested in the remarks of the hon. member for St. John's West (Mr. Cashin) who appeared to be amused at some of the observations which are being made. I believe he expressed the notion that today's discussion of the shortcomings of 22 years of Liberal

rule had exhausted the subject. He must be a very young hon. member if he really thinks that. Any maritimer would find it easy to list a catalogue of the years of neglect by the party which he supports.

However, it is not my intention to pursue a partisan approach to this most important matter. I share the view of the hon. member for Cape Breton South (Mr. MacInnis). I had thought that the Minister of Labour (Mr. MacEachen) might be heading this board because I know of his long standing interest in and knowledge of the economic problems of the region. However, this course was not followed, so we must make do as best we can with the leadership of the Secretary of State (Mr. Pickersgill).

I have only one subject I wish to raise at this time. I was not entirely happy with the response which the Secretary of State gave me some time ago when we were discussing this topic on the resolution stage at nearly ten o'clock. As is his wont, he threw some barbs and some quips. He referred to me as "the wealthy member for Queens". At another time he said I had been asleep. Each of these assumptions was as preposterous as the other, but neither surprised me. I was concerned about the manner in which he shuffled off my inquiry about the Prince Edward Island causeway. He did not say, as did the former minister of national revenue, that the causeway was a subject upon which a government decision had been made and a firm commitment given and that, therefore, the question of feasibility would not be the subject of consideration by the board. He just suggested that I should not repudiate my leader.

There is no need to worry about that, but I am a bit worried about his government repudiating my leader's firm commitment on the subject of the causeway. I have been looking forward to a firm statement being made in this house by a member of the government respecting the building of the causeway on the same lines as was made by the former prime minister speaking in his place, when he made a firm commitment about this matter. We shall feel a little easier then about the allocation of this $100 million. I still say this is not enough to cover up a century of neglect of the maritime region. I hope that during this discussion we shall get something approximating a recognition that the course which the previous government undertook will be followed by the present government. The people of my province expect this, and it is my duty to ask for such a commitment. The Secretary of State used to be very interested in the Prince Edward Island causeway. I remember that when he came to Prince Edward Island he called it "the pauseway". This was the first time he came to Prince Edward Island, and the premier of that province was so delighted to have him because in every community in which he appeared Conservative support rose to unprecedented heights. I hope he will come down again when next we go to the country, which may be very soon: One never knows. However, we always welcome him.

With regard to the composition of the board, I am hopeful that the non-partisanship which distinguishes the Secretary of State will be revealed in the selection. I am not going to discuss the question of politics at all. I should just like to say that in my opinion it would be a mistake to take too narrow a view of the concept of industry. In the Atlantic region it is extremely important that we look into a rationalization, a renovation and a rejuvenation of our ancient industry of agriculture. Much remains to be done in that field. Coming from the leading agricultural province, not only in the region but in the country, I hope that we will get a prominent agriculturist on the board. According to the newspapers I have read, from which I get a great deal of information about the present government, I have learned that we will get two members out of the 11 from Prince Edward Island. I hope one of them will be an agriculturist. Much can be done to update and to upgrade the ancient industry of fisheries. In the province of Newfoundland much good work has been done by the provincial government, of course with great assistance anticipated from the dominion government. I suggest that these two aspects be not overlooked, and I am not ignoring the industries which were mentioned earlier by my colleagues, those of lumbering and mining.

May I reiterate, Mr, Speaker, what I said before. I think it would be far better had the board, which was so well constituted, been given an opportunity to do some work. I regret that the men who were selected, having such tremendous capacities and capabilities, will now be relegated, and I am sorry that the government has decided on limitations both of time and of finance. I have expressed that point of view before and I feel that many people in the Atlantic provinces are also concerned about it. But we want to make the best we can of what the government desires to do for the Atlantic region. I should like to commend the government for doing more than it did earlier when it was in office for 22 years. Perhaps in its short tenure of office it may accomplish more than it did in 22 years, and with all the compass points showing now, their present tenure will be rather brief.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a few remarks to make on Bill No. C-80 which is before us. First of all,

I want to put a question to the Secretary of State (Mr. Pickersgill) which he could perhaps answer later. It concerns the question of the tie-in between the Atlantic development board, the area development agency in the new department of industry. I do not want to refer at length to the previous debate, but I asked this question of the Minister of Defence Production (Mr. Drury) when Bill No. C-74 respecting the setting up of a department of industry was before the house. Then later on, in debate on clause 11, the hon. member for Victoria-Carleton (Mr. Flemming) repeated the question. The Minister of Defence Production said, as reported on page 1864 of *Hansard*:

> While I have not entered into the duties and had an opportunity to explore the problem, I would think the Atlantic development board, with the particular responsibilities it has, is, in a sense, the area development agency for the maritimes—

So they appear to be one and the same thing. I think this question should be straightened out. The Halifax *Chronicle-Herald* for July 6, 1962 headlined the following: "Minister assures miners forest program will continue". A meeting was held at this time, to which reference was made in the house today by the Minister of Labour (Mr. MacEachen), attended by himself as chairman, the Minister of Forestry (Mr. Nicholson), the minister of northern affairs, the finance minister, and the minister of mines. According to the *Chronicle-Herald,* the Minister of Labour was quoted as saying:

> Concerning his own hopes of setting up machinery to provide financial assistance for studies to determine likely employment changes, Mr. MacEachen said that this was discussed in conjunction with means whereby the area development agency in the new department of industry, and the Atlantic development board, could assist along these lines.

I hope this is not another case of what we have seen happen before, where the Minister of Labour says that $500 will be given to purchasers of homes built in the winter time, and then the Minister of Finance (Mr. Gordon) comes along with a different line. I should like this point clarified, because it is a most important matter: Is the area development agency the Atlantic development board under the department of industry? We do not want too many boards or agencies. What we want primarily is to assist in getting industry into the Atlantic area.

I am not sure whether this is the best legislation, and until the committee stage I will not refer to any clauses. But on reading the bill I am wondering whether the present members of the board, who are now given a term of only one year, can be reappointed. One clause of the bill says that after two terms a member of the board cannot be reappointed. I do not know whether the present members of the board are presently in their first term and "reappointment for one year" covers their second term. If that is the case, the Secretary of State definitely said on the resolution stage that these members were eligible for reappointment, but they would not be. That is another matter I would like cleared up.

The Secretary of State is the minister in charge of the Atlantic development board. During the budget debate I said that I hoped either the Minister of Labour, the Minister of Fisheries (Mr. Robichaud) or the Solicitor General (Mr. MacNaught) would head the board, being native born. But that is not the case. However, it is better than the proposal put forward in the last session by the Secretary of State, that a minister of the crown should be chairman of the Atlantic development board. When I put a question to him on resolution stage he said that he had thought it over, given the matter second thought, but that it would be rather difficult to get legislation of this type through—and certainly his deductions in that regard are correct.

The amount of the fund has been brought up by other hon. members on this side of the house. The danger, as far as I can see, is that this amount could be used in one area or on one project only, leaving nothing for other areas. This point has been made by others, also. I listened with interest to the hon. member for Halifax (Mr. Regan) who spoke this afternoon, and I enjoyed hearing from him. I noted that he spoke generally on a number of topics, among which was the matter of research. If I did not hear him correctly he will certainly correct me, but I think he stated that he thought that quite a bit of research could be done by the Atlantic development board and that if it was necessary that outside industry and firms be brought in to do research. I believe he stated that he thought quite a bit of research should be done by the Atlantic development board and that outside assistance and outside firms should be brought in for this purpose. If he had read the original act closely he would have seen that research is included among the terms of reference of the board. Perhaps he should look at the act again and go over its terms a little more carefully. He is one learned in the law, and I would have thought he would have paid more attention to the original act even if it was brought forward by the former government.

Tying in with the suggestion and request I made first regarding the area development agency and the Atlantic development board, I think the clause in the bill which will terminate the Atlantic development board in 1969 is more important than ever. If the

answer to the question I asked is in the affirmative, namely that the area development agency and the Atlantic development board are one and the same thing, certainly there should be no expiry date for the Atlantic development board. I think this provision should be deleted even if they are two different things. As to the amount of $100 million which is being provided, I have stated that so far as we on this side of the house are concerned it is insufficient to carry out the objects of the board as set out in the act.

Finally, may I say that when speaking last session on the Atlantic development board I put forward a recommendation that the first thing the board should do is to look into the matter of assisting labour surplus areas. My own area is one of these and there are others throughout the Atlantic region. I would hope that this would be the first thing that would be done. I quite understand that full co-operation with the various provincial governments will be necessary. I further understand that the premier of Nova Scotia, who is a Nova Scotian first in his visits to Ottawa, came here to see the Secretary of State recently and put forward the proposal that areas such as the one I represent should be carefully investigated first by the Atlantic development board. I should like to bring that to the attention of the Secretary of State again. It is a most important submission.

I know that in the province of Nova Scotia Industrial Estates Limited, which was set up by the Tory provincial government, has done a lot of good work. It needs to be tied in with the Atlantic development board. I was speaking a year or two ago to a member of the Atlantic development board who is the president of Industrial Estates Limited. I discussed with him the matter of bringing industry into certain areas. He told me that he believed there were some cases in which it was quite difficult for Industrial Estates Limited, to provide the necessary funds to bring industries into certain areas and he thought there should be some effort on the federal level to cope with this situation. I believe the Atlantic development board is the answer to this problem.

I have nothing more to say on the bill at this time. In due course it will go before the committee and I may have something to say then. I believe that the board can be of a great assistance and will be of help to the Atlantic area through achieving the objects for which it was created.

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I have spoken before in this debate and I do not wish to take up too much time at this juncture. However, there are one or two points I wish to bring out and a couple of questions I wish to ask. In a previous debate the Secretary of State (Mr. Pickersgill), in reply to the hon. member for Royal (Mr. Fairweather), said that the Atlantic development board and the $100 million constituted a gap filler. He also went on to say, as found on page 1270 of *Hansard*:

> I have mentioned various departments, and I probably did not mention all that I should have, because there are other projects—

And then he specifically mentioned his colleague, the Minister of Northern Affairs and National Resources (Mr. Laing).

> —and my hon. friend the Minister of Northern Affairs and National Resources, through the national parks and in other ways will, I hope, be contributing very materially to that capital investment in the Atlantic provinces.

The Secretary of State nods his head in agreement. I am very glad that while we started off in the debate with an amount of $100 million the Secretary of State has said that is a floor rather than a ceiling. We are very pleased and happy to know that, because we have nowhere else to go but up. I am sure that a great deal more than $100 million will be required. As I have already said, the Secretary of State agrees with me that there will be massive spending on capital investment by the different departments. I believe he mentioned the Minister of Fisheries (Mr. Robichaud) and other ministers who would be doing a lot of spending.

I am sure we on the opposition side will be most happy and contented if the government will carry on the spending by the different departments that has taken place since 1957 in various constituencies and throughout the Atlantic provinces generally. We would like a little more spending, but even if it remains at the same level I am sure we will all be rather happy. If hon. members will check the figures they will find that in public works and in the development of our national parks in the east there has been more spending and capital investment than in any other previous comparable period. The Secretary of State agrees with me, and it would appear that we are going to have the spending.

I am happy that is so, but will you tell me why in heaven's name I should be advised by the Minister of Northern Affairs and National Resources that the parks branch is not going to go ahead with a small project involving the construction of a golf clubhouse costing approximately $150,000 in Cape Breton Highlands national park? It would provide employment for people and would assist in encouraging more tourists to come to the area. The tourists would spend more money and the project would help in the long run. I am sure we can look forward to the assistance of my colleague from Cape Breton, the Minister

of Labour (Mr. MacEachen), in whose constituency part of the park lies. Since I am aware of his great interest in getting everybody to work as soon as possible I trust that he will appear before treasury board and insist, plead, direct, order, or what have you, that they reconsider this small project in Cape Breton Highlands national park. If they do they will be in conformity with what the Secretary of State has said in eloquent and grandiose terms, that they are going to go right ahead and are really going to spend more than $100 million. Let us hope that something will come of this.

The other point I want to mention is the expiry date which has been referred to by a great many hon. members. The Secretary of State stated, as found on page 1269 of *Hansard*:

> This was not with the idea of having a new, permanent agency of government, but really to take a big leap forward quickly.

I referred to that in my previous remarks.

> It is that concept that we are seeking to embody in this amendment. It is for that reason it was thought that a six-year period would be an appropriate one.

I ask the Secretary of State: Deep in his heart does he honestly think that the Atlantic development board should expire and die on January 24, 1969? Does he really think that? In all sincerity does he feel that enough will have been accomplished in that short period of time to bring the maritime region closer to the economic level of other parts of Canada? If he does, it is difficult for me to understand. I note that the expiry date is January 24, 1969. Being a Scot I recall that January 25 is the birthday of Robert Burns and I would think that would not be an appropriate time to have the Atlantic development board die. I do not think any day would be an appropriate day.

Having said these few words, I hope the Secretary of State (Mr. Pickersgill) will reply to what I have said. In view of what the Secretary of State has said on the one hand is actually taking place, and in view of my reference to Robert Burns, may I commend to him this quotation:

> Oh wad some power the giftie gie us
> To see oursels as ithers see us!

Mr. Deputy Speaker: Order; I should caution the house that if the Secretary of State speaks now he will close the debate.

Mr. Thomas M. Bell (Saint John-Albert): Before the minister closes the debate, there are one or two comments I should like to make. I do not intend to make a speech. I understand that this afternoon one of the members from Halifax referred to an investigation that the board is conducting into winter navigation on the St. Lawrence. I merely want to indicate my interest in this subject and to say that I hope the minister, when he is replying tonight or at a later stage, will give us an up to date report on how far they have proceeded with this project. It is one which is very important. I know that the members from Halifax are interested in it, just as I am.

I do want to reiterate the thoughts of my colleagues on this side of the house. I agree, of course, with the principle of this bill, but I subscribe also to the reservations my colleagues have put forward.

Hon. J. W. Pickersgill (Secretary of State): I thank the hon. member for Saint John-Albert (Mr. Bell) for raising the question of the projects that were put through the board by the previous administration. These are being carried out. I gave directions that they were to continue with the work that was started. I think it would be a little early for me to attempt to give any progress report on this investigation, but it is going forward. It was initiated by the hon. member for Victoria-Carleton (Mr. Flemming) when he was responsible to parliament for the board. The board has done some preliminary work, but it is quite a big subject and I would not expect that in a great hurry we would have the kind of investigation that would impress anyone very much, particularly since the subject is slightly controversial.

I do not believe that the amiable member for Cape Breton North and Victoria (Mr. Muir) really expects me to run the department of northern affairs. I will let him continue to deal with the minister and I am sure, since he is a persuasive member, he will get his way.

Mr. Muir (Cape Breton North and Victoria): Would you speak to the Minister of Labour (Mr. MacEachen)? I understand he is on the treasury board.

Mr. Pickersgill: There is nothing that gives me greater pleasure than to speak to the Minister of Labour. I do it almost hourly.

The hon. member for Pictou (Mr. MacEwan) made about as constructive a speech as I have heard for some time from the Tory benches. I should like to thank him for giving me a chance to say something about a question which I believe does merit some attention in the debate on the second reading of the bill, namely the relationship between the area development agency of the department of industry and the Atlantic development board. The department of industry bill has been approved by this house and, I believe, this evening is probably starting its way through the other and more difficult branch of parliament. I hope this department

will soon be established. The area development agency, as I conceive it, is an agency for the promotion of actual, individual industries in areas in Canada in which there is a labour surplus and where there is some prospect of industry being successful. I would put Pictou county very high on that list. As the hon. member knows, I mentioned it a good many times when I was on the other side of the house. I feel that Pictou county and the Cape Breton area are two areas in which we should make a Herculean effort to get new industries established.

It is quite obvious, I believe, that the area development agency is going to operate all over Canada. This does not mean it is going to operate in places where it is not needed. However, in those areas where a lift to the economy is needed industrially, it will operate I assume, on the same principles everywhere. The Atlantic development board has to do something that I conceive to be rather more fundamental. I do not see it dealing directly with this or that individual industry, promoting an industry. This, I think, would be the function of the minister of industry and his department. I think the Atlantic development board is going to be concerned primarily with improving transportation, improving power and other facilities which would make an area more attractive to industry.

In this context I hope—and I have discussed this already with the president of Industrial Estates, and more recently with the premier of Nova Scotia—there will be the closest possible co-operation with Industrial Estates in Nova Scotia, with the department of economic development in Newfoundland and with similar agencies in the other two provinces. I feel that the Atlantic development board must, if it is to be successful, co-operate with all the agencies for development, both provincial and federal, that exist. I agree with the hon. member for Victoria-Carleton that the function the board already has of promoting all kinds of economic development is more important than the spending of the fund. Of the two, it is the more important. I do believe the fund is also needed because there are projects, as every hon. member can see for himself, that are not undertaken directly for a specific industry. I am not going to attempt to describe what they are because I know what would happen if I did; I would be accused of leaving this one or that one out or favouring one, and just get myself into a lot of unnecessary trouble and unnecessary debate. I refer to the things that will make it possible for an industry to flourish in an area rather than stagnate; it is that kind of thing I mean.

There were some questions raised by the hon. member for Cape Breton South (Mr. MacInnis). Many of the things he said were irrelevant, but he said some quite sensible things, too. One of the things he said was that he welcomed the increased membership in the board. I am glad he does, and for the reason he gave. We want to make the board more representative of the economic character of the whole region than it is at the moment. This is in no way a reflection on the existing members of the board.

The hon. member asked me about the Chignecto canal. The Chignecto project is far too big a project to be undertaken by the Atlantic development board. The investigation of it could be done by the board, and I am not thinking now of the canal but of the whole power-canal complex. This is something that the board may very well do. However, if a project as large as that was going to be undertaken, I think it would be done in the same way as the Canso causeway was done, in the same way as I conceive the Prince Edward Island causeway would be done, and in the same way as any other big project is done, that is by bringing forward a special measure for that purpose or including an item in the estimates of one department, as was done in the case of the Atlantic power development. The Chignecto project is not the kind of thing the Atlantic development board would do out of the capital fund. If it did, it would mortgage all the fund for one project, or practically for one project, and that is not the idea at all. If one of these really big projects is promoted by the board, then the government will have to see it initiated and piloted through parliament in some other way.

So far as fishery development is concerned, it is primarily in the hands of the federal Department of Fisheries and the departments of fisheries of the provinces. We have in the present Minister of Fisheries a man who has spent his whole lifetime in the fishery and knows perhaps more about the fishing industry than anybody who has ever occupied the portfolio he holds. I do not think he is going to need the Atlantic development board to do more than give him encouragement to do the things we all believe he is going to do anyway.

I agree with the hon. member for Cape Breton South (Mr. MacInnis), and the hon. member for Antigonish-Guysborough (Mr. Stewart) who spoke at the resolution stage, that it is not just in Newfoundland that the fishery needs to be modernized and brought into the second half of the twentieth century. We want the fishery to develop. We want it to provide more employment through all the Atlantic region, and we want all the historic

industries to provide better opportunities throughout the region. But we also want new industry, especially secondary industry; and the board, if it is to be a real success, must stimulate these developments in all directions.

I could say a great deal more about what is hoped, and could make many more comments on the speeches made by other hon. members, but time is marching on. I just want to thank the hon. member for Greenwood (Mr. Brewin) for the interest he has taken in this area as a result of the urge from his ancestors. Even though he is a couple of generations away from the Atlantic area he is still interested, and it makes me feel that perhaps someone who was born in Ontario and brought up in Manitoba might still be reasonably acceptable in the Atlantic region, if he tries sufficiently hard. After all, it is not really my fault that I was not born there.

I feel a little like those several hundreds of thousands of immigrants that I encouraged to come to Canada when I was a minister in the previous Liberal government. I feel that someone who takes the trouble to go to an area and take an interest in it may be just as deserving of being given an equal chance as the people who were born there. This is not a special plea. I think the house knows I do not make many special pleas, but since the matter has been referred to, I do not think that I really need to apologize for occupying the position I occupy, after five general elections when I could have been thrown out of this house.

There was one other point mentioned that I think deserves a little special mention, and that is the date the act is supposed to expire. The reason that was put in the bill, as I said at the earlier stage, was that it was thought if a time limit was put on the operation of this legislation it would constitute an incentive to make a really big effort to try to do the job all at once; and this job was described, in November 1957, in words that I think ought to be put on *Hansard*. I am going to put them on *Hansard*.

> There is, then, a need in the Atlantic provinces for considerable expenditures of capital on basic public facilities designed to encourage development of the resources of the region. These would include, but should not be limited to, the provision or reconstruction of adequate power and co-ordinated transportation services. The cost involved in providing these needed services, however, would seem to be beyond the financial competence of the provincial governments concerned. In view of this, we suggest that the federal government agree to contribute a substantial sum for capital projects in the Atlantic area to be spread over a relatively short period of years. The purpose would be to cover the costs of necessary capital investment, some or all of which would normally be the responsibility of the provincial governments. To this special contribution might be added during the specified period some or all of the considerable sums now being spent in one or other of the Atlantic provinces each year by various departments of the federal government on such things as docks and wharfs, transportation including ferry and coastal shipping subsidies, the development of marshland areas and the construction of public buildings. The objective would be to co-ordinate all capital expenditures and subsidies in the area other than those on projects which are national in their scope and application such as the proposed land use classification scheme, the trans-Canada highway and assistance to people who are unable to make a reasonable living where they are and who wish to be relocated elsewhere. In this way, such capital expenditures, including the proposed capital grants, could be allocated in a co-ordinated manner designed to strengthen the basic economic structure of the area as a whole.
>
> The expenditure of federal funds in this way should of course be made and supervised by an appropriate agency of the federal government. With this in mind, we suggest that the federal government establish a capital projects commission for the Atlantic provinces, or some other appropriate agency. We do not suggest that the proposed commission or agency be a permanent addition to the existing governmental machinery. On the contrary, we believe the needed facilities should be provided over a reasonably short period and that the capital expenditures involved should not be regarded as a permanent addition to the revenues of the Atlantic area. Accordingly, we suggest that when the proposed commission or agency is established it be given a limited life and be disbanded at the expiration of that time. However, inasmuch as some of the capital expenditures in question may be self-liquidating in whole or in part, it would be necessary to make provision for the continued administration of projects initiated by the commission or other agency.

I am not going to quote the whole of the extract, and I am sure all hon. members have guessed the author. The author was my hon. friend, the Minister of Finance (Mr. Gordon) when he was chairman of the royal commission on Canada's economic prospects. It is this pattern, this idea, that we need to infuse into this area, federal capital out of the federal treasury on a scale that is not needed in any other part of Canada—and I emphasize that: On a scale and of a scope not needed in any other part of Canada—to give a permanent lift to the area and to bring it closer to the level of the rest of the country. That was the reason why this whole project was conceived.

It was conceived six years ago by my hon. friend, the Minister of Finance, and the commissioners associated with him, and I am sorry we have lost those six years. I am sorry it was not done right away after that report was made, but there is no use worrying about what was not done or what was done in the past. I could refute a lot of the arguments made this afternoon, but I do not intend to, about who did this and when. It does not matter much to the people in the Atlantic provinces what was done. What they are concerned with is what is being done and what we are going to do in the future. I suggest that, for the rest of the consideration

of this bill, we forget whether the previous government, which made a good start in this matter, should get the credit, or whether it should be the present government, which is trying to carry out to the letter what we promised the electors to do, for which we elected 20 members out of 33 members in the Atlantic provinces in the last election.

Surely if there is to be good faith in public life at all, when you give undertakings to people and they vote for you, you should carry out those undertakings. We gave two specific undertakings about this board. We said we would carry it on; we did not say we would abolish it. We said we would strengthen it, and I believe when hon. members see the kind of persons who will be appointed they will have no doubt that the board will have been strengthened. That is no reflection at all on the existing members. We also said it would be given a capital fund, if parliament approved of this, of course, and that is what we are asking parliament to do. I do not think there is anything more I need add to what I have already said, sir, and I thank all hon. members who have participated in the debate.

Mr. Deputy Speaker: Order. Is the house ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is as follows: Mr. Pickersgill, seconded by Mr. Robichaud, moves that Bill No. C-80, to amend the Atlantic Development Board Act, be now read a second time. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Carried.

Some hon. Members: On division.

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

On clause 1—*"Fund"*.

Mr. Fairweather: Mr. Chairman, clause 1 has to do with the establishment of the capital fund and I think this clause merits a little attention from the committee before it carries. A moment ago the Secretary of State spoke of the lost six years. By that reference he of course spoiled his usual non-partisan approach to matters of this type. Then, of course, he gave a moving and heart rending apology for not having been born in the Atlantic provinces. I found this so moving that it makes speaking difficult. All I can say is that I am as sorry as he that he was not born amongst us.

When one speaks of six lost years one reverts to the partisanship which makes all of us on this side of the house concerned about the future of the board. I am one of those who believe that many things were accomplished between 1957 and 1963 which benefited the Atlantic provinces. But I agree with the Secretary of State that it is a futile effort to start cataloguing the various achievements, one side against the other. Therefore I am not going to bore the committee with any such catalogue. The capital fund is, of course, nothing more than, shall we call it a Pickersgillian exercise in words, because it has to be referred to the minister and then to parliament, which is exactly what the former statute would have had us do. But when we consider—

Mr. Pickersgill: Mr. Chairman, would the hon. gentleman permit a question?

Mr. Fairweather: I would be delighted.

Mr. Pickersgill: Did I understand the hon. gentleman to say it had to be submitted to parliament? That, of course, is not correct. The money is being voted in this bill and will be available to be spent on the approval of treasury board.

Mr. Fairweather: Mr. Chairman, I thank the hon. member for correcting me. Of course he has caught me out in an incorrect statement. It is the government, I meant to say. I sometimes confuse government and parliament. This is a backbench problem. Some writers, of course, have also discussed this question. There are other times when we can go into the philosophy of government and parliament. But while we are discussing the $100 million fund I am going to make a statement that I think is entitled to be made quite emphatically. I promise not to catalogue. However, I am going to say that to the Right Hon. John Diefenbaker must go credit for giving this problem special recognition. It was the first time in the history of this country, and here I pay tribute to the other governments from confederation. He, for the first time as a government leader, recognized the special problem and faced this problem with special remedies. I was delighted to hear the Secretary of State say he is going on up the ladder; but the ladder was put there by the former government as a special means of assisting this area.

This was done, of course, by recognizing the basic facts of life with regard to the Atlantic provinces. The first was the compelling need for an abundant supply of electric power, and in the first throne speech of the former government there was contained the provision for this to be achieved. Then that phrase became a statute which permitted the loan to the Beechwood power development, and from there we went to the Atlantic Provinces Power Development Act. Right in my own constituency today I see evidence of the working of the power development

act through a federal loan announced the other day by the distinguished Minister of Fisheries as an achievement of his. He forgot to mention in his press announcement who instituted the legislation. However, there we have a coal burning thermal plant providing the extra energy needed to bring about some improvement in the economic situation in the maritimes. These were special statutes specially designed to meet special needs.

Then, of course, we had the massive outlay of capital through the Atlantic provinces adjustment grants. This matter has been discussed over and over again. However, I think that when we consider an amendment to this statute we must keep the matter in its fair and proper perspective and remember, to use the phrase of the Secretary of State, the ladder which was put there, I suggest, by the former government. If the Secretary of State wants to climb the ladder, God bless him; I hope he has a pleasant trip to the top.

Of course, on budget night the $100 million fund had a serious blow because the producers of coal and lumber and those concerned in secondary industry in the Atlantic provinces were faced with an 11 per cent sales tax, which last night was up and down.

The Chairman: Order. I hesitate to interrupt the hon. gentleman but I think he realizes that on clause 1 we cannot have a discussion as general as that which we had on the resolution stage of the bill. The discussion should be limited, at least, to the bill. I realize—and I am not making a ruling on this point—that these matters are of concern to the hon. gentleman, but I would suggest to him that as far as possible he should try to limit his remarks to the bill which is now under consideration.

Mr. Fairweather: I thank you, Mr. Chairman; but we were discussing the fund, and I was trying, no doubt in a general way, to suggest that on budget night the fund was solvent, but that a fund which might have been adequate on June 12 is, of course, insufficient now because the cost of whatever we do in the Atlantic provinces has gone up. I was about to suggest that the fourth chapter of the gospel according to Gordon, whatever reading it was last night, has placed a serious dilemma before those people who are now making up the Atlantic development board because what was once an established fact has become a Liberal fantasy. However, if that is not in order I shall try to direct my attention more specifically to the fund. That was the general line of the idea, though. I was about to suggest that the fund for the next few months should not be $100 million but that 4 per cent should be added to it up to March 31 next, when, I understand from last night's announcement, we shall have to add 8 per cent to the $100 million.

The Chairman: I can understand the hon. member wishing to try to bring into his remarks material which I consider does not really belong to a discussion of the principle of this bill. However, I would ask him to limit his observations to the subject matter before the committee.

Mr. Fairweather: If the added cost of the budget, Mr. Chairman, is not applicable to this fund I will direct the remainder of my remarks to the fund itself. But perhaps the point has been made.

I am one of those old fashioned people who believe the voting of money should be a parliamentary prerogative and that is why the setting up of a fund is viewed by myself and, I think by many others, to be mere window dressing. I am deeply concerned lest the $100 million should, in fact, become a ceiling, an excuse for going no further. The hon. member for Victoria-Carleton neatly divided the fund this afternoon in an arithmetical way. I shall not try to copy him, but when one does divide such a fund between four provinces for five years, even a backbencher would hardly consider such a sum as being adequate. This causes me to worry about the size of the fund and to hope that the Secretary of State when we proceed to the further stages of the bill will agree to add some such phrase as "no less than" before the amount so that we in the Atlantic provinces will not have to be concerned that this is a confining figure. I think that is all I have to say, Mr. Chairman, because of your admonition which has corsetted me.

Mr. Flemming (Victoria-Carleton): In the course of my remarks this afternoon I did make some reference to the fund and the amount of the fund. It seems to me that the points made by my hon. friend from Royal in connection with the reference of this expenditure again to parliament, or at least to the government, is well taken. I doubt the wisdom of placing as much money as this in the hands of any board, even though the government of the day might consider there was ample protection.

Mr. Pickersgill: Would not this particular discussion be more appropriate on clause 16 which sets out the safeguards and precisely meets the point raised by the hon. gentleman, because the board cannot spend this money without the approval of treasury board, which is the government?

Mr. Flemming (Victoria-Carleton): Surely, we can deal with virtually any of these clauses on the first clause, by custom. Is that not correct? I would prefer to make the observations which I have to make at this stage because I have prepared an amendment which I would like to send over to the Secretary of State in case, after consideration he should decide it merited adoption. With that in mind I would prefer to make these somewhat rambling remarks at this time. I suppose we all have peculiarities. I would be the first to acknowledge that I have my full share.

I think the delegation of authority to spend public money in large amounts is a step which merits a tremendous amount of caution. Even though, as the Secretary of State has pointed out, we have the protection of treasury board—and I can say from experience that sometimes I felt this protection was a little too strong for my liking—I feel we should exercise a great deal of care before delegating the spending of $100 million without further reference to parliament. After all, this is money which is raised through taxation of one kind or another, and it seems to me this is a point which merits serious consideration as far as the principle is concerned.

Opinions have been freely expressed in connection with this $100 million. As I said this afternoon, I do not want to misquote anybody. I did not say the Secretary of State had ever said the $100 million was only a minimum amount. I think he said he would not be presumptuous enough to bind further parliaments regarding what they might do when the question arose, if it ever arose. However, I think some of his colleagues have been more careless and said right off the bat that the $100 million was merely a token amount and that after it had gone there would, presumably, be another $100 million placed at the disposal of the board. I do not think the Secretary of State will tell us he subscribes to that view at the moment.

I do not know how it is contemplated that the board will function with respect to guarantees. I can see a situation arising where a guarantee for a large development might be necessary. But that would not be contemplated. It would actually not cost the board or the government a five cent piece.

I do not mind saying that in the constituency I have the honour to represent there exists near Woodstock a large deposit of manganese, unfortunately of quite low grade. The gentleman who was head of the corporation there had a personal interest in it and an urge to do something, but unfortunately passed away within the last six or eight months. I have been told that one of the reasons this has not been given more examination is because it is only by disposing of the equity shares, which means the control, that the proper financing may be arranged. The people who have studied the situation are reluctant to do anything in that connection, and I am sure we are very pleased they have that hesitation. I can see the board stepping in here. The Minister of Finance will be very much interested because the finished product which would be produced is a product which is being imported at the present time. I am sure all hon. members would agree this is a matter deserving of a good deal of attention, not only because of its location—which I hope would be one reason because it happens to be in my own constituency—but because it would be for the general good of the country as a whole. I do not think anyone would want to see the board hamstrung or circumscribed in any way.

I will send this little piece of paper which I hold in my hand over to the Secretary of State for his perusal. All it does is to add before the amount of $100 million the words "not less than". It puts the $100 million as the minimum amount. I assure the Secretary of State that he has full authority to delete my name and insert his own if, in his judgment, he feels that that is a wise course to take.

Mr. Pickersgill: I do not think the rules would permit that, but I can probably insert the name of my hon. friend from Gloucester.

Mr. Flemming (Victoria-Carleton): That would be quite acceptable. My main interest in the matter is that strength will be lent to the instrument so that it may be possible to secure for the Atlantic provinces an additional opportunity for development of resources which hitherto have remained undeveloped. That is my complete interest. I think that is all I have to say along that line. While I would be the first to agree that perhaps clause 16 might have been the more appropriate place to make these remarks, I am sure that under the circumstances—

Mr. Pickersgill: As a matter of fact I am very grateful to have this notice.

Mr. Flemming (Victoria-Carleton): In case the memory of hon. gentlemen, especially the Secretary of State, is not too clear on what I have said in expressing the opinion that the government might consider some other amendments, I suggested the complete deletion of the expiry date of January 24, 1969. I share the view expressed by the Secretary of State with regard to the remarks made by my hon. friend from Pictou this evening in connection with the part the Atlantic development board can play in the newly-created department of industry as far as area development is concerned. I am sure that the Minister of Defence

Production, who I have no doubt will be the new minister of industry, would be one of the first to say he does not favour any unnecessary duplication. It is my opinion that if this board were constituted and had the information which is desired, it would be unnecessary duplication in many phases and respects to set up another body simply to duplicate what had already been done. I am one of those who feel that resource development of the Atlantic provinces has not been carried out to the extent it should. We have in the constituency of my hon. friend from Charlotte, I am told, a tremendous deposit of tin. This will undoubtedly receive a great deal of investigation by the board also. Incidentally, I believe it is also a commodity imported into this country, and so our balance of payments position again comes into the picture.

Mr. Pickersgill: I wonder if the hon. member would permit me to interrupt for a second to see whether it might be the sense of the committee to sit for a little longer this evening to deal with the non-contentious sections and to hear any amendments which might be suggested by others, so that we might make a little more progress tomorrow. I put that forward as a suggestion. Since most of the hon. members from the Atlantic provinces are here perhaps the committee would not mind going on for a little longer.

Some hon. Members: Agreed.

Mr. Fleming (Victoria-Carleton): I have no special objection, but at the moment we have a request from a very distinguished maritimer that he would like to see clause 1 left open.

Mr. Pickersgill: Then we could have it stand and go on with some of the others. I have no thought that we could complete this work tonight, because I know that one or two clauses will have to be held over for tomorrow; but if we could make progress by getting through the non-contentious clauses it would be of help.

Mr. Flemming (Victoria-Carleton): If I can complete my remarks about what the hon. member calls the non-contentious sections then, perhaps I am at this point the most disagreeable person in the chamber as far as the bill is concerned, and if he got rid of me perhaps he would be satisfied that tomorrow the going would be quite smooth. I was referring to the question of area development under the new department of industry. I am wandering around a bit.

My colleague the hon. member for Royal might not care for this, but I am one of those who feels that the department of industry can perform a function. However, I am a little worried that they are going to usurp the functions of private business. I believe that private business should be co-operated with rather than that the government enter into competition with them. Having said that I will leave it, because I have got by with the chairman pretty well on that one.

Some hon. Members: Ten o'clock.

Mr. Flemming (Victoria-Carleton): There is just one other point I wish to make.

Some hon. Members: Ten o'clock.

Mr. Pickersgill: Mr. Chairman, I had understood there was agreement a few moments ago.

Some hon. Members: No.

Mr. Pickersgill: Well, apparently it was a misunderstanding. I am sorry, sir.

Clause 1 stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I should like to ask the house leader to let us know the business for tomorrow and perhaps Thursday. I realize there are consultations going on and he will not want to go beyond those two days.

Mr. Pickersgill: The hon. member is quite correct. We had some consultations today and I do not want to project the business beyond tomorrow and Thursday at the moment. Tomorrow we would hope we could get through the committee stage of this bill and if possible make a start on the second reading of the economic council bill, which would be continued on Thursday. If it should be completed on Thursday we would then make a start on the resolution preceding the Department of Agriculture bill. I do not think it is realistic to suggest more than that at this stage.

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